

## Israeli Planes Bomb Beirut Cease-Fire Called After Attacks on Syrians, PLO in Bekaa

**BEIRUT** — Israeli planes bombed Beirut Thursday and launched a major artillery and air attack against Syrian and Palestinian positions in the Bekaa Valley, ending a lull in the Lebanese fighting that began June 25.

Israel Radio said the fighting lasted two hours. The military command said Israeli forces stopped shooting in the Bekaa Valley in a unilateral cease-fire at 6:30 p.m. The firing in the Beirut area abated at the same time.

The Israeli military command, in statements in Tel Aviv, said the attacks in Beirut and the Bekaa Valley were in retaliation for the killing Wednesday of five Israeli soldiers in a PLO ambush.

The attacks were ordered by the Israeli Cabinet and were seen to reflect growing Israeli impatience with U.S. efforts to arrange the

evacuation from Beirut of an estimated 5,000 to 6,000 guerrillas of the Palestine Liberation Organization.

The PLO's Voice of Palestine radio said Israeli planes bombed and strafed Syrian forces in the Bekaa Valley, about 20 miles (32 kilometers) east of Beirut. Israeli military officials said the Syrians and guerrillas had repeatedly violated the truce line in the valley.

**'Limited Strike'**

A senior Israeli official called the attack in Bekaa "a limited strike to show the PLO and Syria that the cease-fire is not one-sided."

The official, who did not want his name used, told The Associated Press in Jerusalem that two or three artillery positions and ammunition dumps in the Beirut area also had been attacked.

In the Lebanese capital, reporters saw Israeli jets bombing the Fakhani neighborhood, where PLO leader Yasser Arafat has his command headquarters. The planes also pounded the refugee camps of Sabra and Chatila, which have been evacuated by everyone but PLO fighters.

In recent weeks Israeli planes have repeatedly flown mock attacks over Beirut, and they did so again Thursday before launching the first air attack on the capital in nearly a month.

**New Talks for Habib**

In Washington, a White House spokesman, Larry M. Speakes said, "We regard this as serious and we hope the cease-fire will be promptly restored."

President Reagan, meanwhile, ordered his special envoy to the

Mideast, Philip C. Habib, to travel to Syria, Egypt, Israel and Saudi Arabia for discussions. He had been holding talks in Beirut in an effort to end the standoff there.

**'Not the End'**

The new outbreak of fighting came after Prime Minister Menachem Begin had sent warnings to Syria against aiding the PLO, and senior Israeli officials said they believed that President Reagan had failed in his initiative to secure a PLO withdrawal from Lebanon.

The military command said the government ordered the strikes in the Bekaa Valley following persistent violations of the July 5 cease-fire.

"The enemy's aggression reached its height yesterday by killing five of our soldiers," the command said Thursday.

Israeli radio quoted political

sources as saying the offensive had no direct connection with Mr. Habib's mission in Beirut.

"This is not the end of the political process," the radio quoted the sources as saying. It said that Mr. Begin conveyed his concern over the Syrian and PLO activity to U.S. Ambassador Samuel Lewis during a meeting Wednesday.

Earlier, however, senior Israeli officials said they were unhappy with the lack of progress in the talks Mr. Habib has been leading.

The Tel Aviv daily Ma'ariv quoted a senior political source as saying, "The Reagan initiative, in fact, has failed." The source was referring to the talks earlier this week in Washington between Mr. Reagan and the Syrian and Saudi foreign ministers, which were aimed at resolving the Beirut dilemma.



An armed Israeli soldier chased away Palestinian women and children who demonstrated outside the Israeli military government office in Sidon, Lebanon, to ask for the release of relatives.

## France Tells Firms To Defy Reagan's Pipeline Embargo

**PARIS** — France issued a direct legal and political challenge to the United States Thursday by ordering French firms to supply U.S.-developed technology for the Siberian natural gas pipeline in defiance of a U.S. embargo.

Contracts concluded by French companies for the pipeline must be honored, declared a two-paragraph statement issued from the office of Prime Minister Pierre Mauroy. It said deliveries to the Soviet Union

the pipeline during a visit Wednesday to Houston, a spokesman at the Economics Ministry said Thursday that Bonn has no plans at this point to follow France's example.

West German business executives and bankers said Thursday they would have to weigh any action carefully. Several participating West German companies mentioned legal action against their substantial interests in the United States.

Mr. Schmidt said Thursday that "I agree with the French. The same attitude has been shown by the British government, the French government and my government."

Asked whether he considered the development a "major breach" between the U.S. and European governments, the chancellor said that he regarded it as "medium size."

The Reagan administration is committed to pipeline sanctions despite French defiance, Page 2.

for 1982 must be on time and the government cannot accept unilateral measures taken by the United States, adding that such measures cause undue commercial damage.

President Reagan expanded sanctions in June on exports of oil and gas equipment to the Soviet Union to include equipment produced abroad under U.S. license. The Reagan administration has said the ban is because of Soviet interference in Poland, and that also the pipeline will make Western Europe too dependent on Soviet energy.

On Wednesday, Mr. Galbraith told a small group of reporters during an informal meeting at his official residence that he thought such a French move remote because it would shut Alstom-Atlantic out of the U.S. market.

Mr. Galbraith and Mr. Cheysson talked for 45 minutes Thursday, and Mr. Galbraith later brushed aside questions with, "Why don't you ask Mr. Cheysson?" he hosted the meeting.

Mr. Cheysson reportedly was upset by Mr. Galbraith's recent statements regarding the pipeline.

The Soviet pipeline is scheduled to begin supplying Western Europe with natural gas in 1984. Most of the construction is being financed by favorable Western European credit to the Kremlin, and U.S. attempts to limit such credit because a major point of contention during last month's Versailles economic summit.

"The Soviet gas deal is so fundamental and of such importance that it becomes a security matter," Mr. Galbraith had said on Wednesday. "It's the single most important economic development that has taken place in the Soviet Union."

The Europeans see the pipeline in terms of jobs and trade during a serious economic recession.

Although Chancellor Helmut Schmidt of West Germany reaffirmed his nation's commitment to



**WIDOW'S GRIEF** — Nicola Daly, the widow of Lt. Anthony Daly, a member of the Queen's Household Cavalry killed in the London terrorist bombing Tuesday, turned her back to the camera as she was consoled Thursday when the cavalrymen paraded a tattered standard past the site of the attack.

## U.S. to Lease 1 Billion Offshore Acres

Industry Hails and Coastal States Assail Oil and Gas Prospecting Plan

**WASHINGTON** — After months of debate with coastal state officials and Congress, Interior Secretary James G. Watt has made final his controversial plan to offer 1 billion acres of offshore waters for oil and gas exploration in the next five years.

The plan, largely unchanged from Mr. Watt's proposal last May, was immediately praised by oil industry spokesmen as a boon to domestic energy development. But it was denounced as an environmental threat by several coastal state officials and conservation groups, who said that they plan to challenge it in court.

In a prepared statement, Mr. Watt said Wednesday that the accelerated development plan will "enhance the national security, provide jobs, and protect the environment while making America less dependent on foreign oil sources."

Two-thirds of the nation's untapped oil lies under coastal waters, Mr. Watt said.

**Industry Hails Program**

However, officials in California, Massachusetts and Alaska — the states leading the opposition to the accelerated plan — said that Mr. Watt failed to address their fears of environmental damage. They complained that the vast expansion of acreage being offered for leasing, combined with the fast pace of the sales, does not give them time to study potential impacts on their coastlines.

Gov. Jay S. Hammond of Alaska said Wednesday that he plans to sue to try to delay several of the sales scheduled off his state's coast, and a spokesman for Gov. Edmund G. Brown said that California may also take Mr. Watt's plan to court. Alaskan waters will carry the heaviest load of the offshore leasing program, accounting for 16 of the 41 sales of exploration rights.

The American Petroleum Institute hailed the program as "the

most progressive ever adopted in the 28-year history of federal leasing of the Outer Continental Shelf."

Under the Carter administration, offshore tracts of about 2 million acres each were made available for leasing. The Watt plan calls for offering extensive "leasing areas" of up to 133 million acres at each sale, allowing industry more latitude in deciding which areas will be developed.

Last week, Sen. Edward M. Kennedy, the Massachusetts Democrat, and 28 other House and Senate Democrats signed a letter to Mr. Watt, contending that the plan undermines laws designed to protect the environment and to "assure efficient development of our natural resources."

Mr. Watt responded with a letter Wednesday defending the plan as environmentally safe and strategically essential.

"America must be prepared," Mr. Watt wrote. "It is much easier to explain to the American people why we have oil rigs off our coasts than it would be to explain to the mothers and fathers of this land why their sons are fighting on the sands of the Middle East, as might be required if the policies of our critics were to be pursued."

on the Reagan administration's management of the Environmental Protection Agency.

At a joint hearing conducted by five House subcommittees, critics charged that Anne M. Gorsuch, the agency administrator, is failing to enforce the laws for which she is responsible and has become a spokesman for polluters rather than for environmental protection.

Members of the Republican minority on the subcommittees countercharged that the hearing was motivated by partisan politics and was aimed at helping to elect Democrats to Congress in November.

Rep. Robert S. Walker, Republican of Pennsylvania, called the hearing "a political witchhunt."

Witnesses from business groups praised what they said was the improved management and flexibility of the agency under the Reagan administration.

A statement issued by the agency Thursday in response to the charges made at the hearing said, in part: "The EPA remains committed to the environmental goals of this nation through more efficient management of the agency and a series of environmental actions designed to protect the health and environment of all Americans."

The criticism focused largely on the agency's sharply reduced budget, on what was described as a failure to enforce the laws, and on reductions in its science and research capability.

**41 Sales in Five Years**

The plan calls for offering all of the outer Continental Shelf for leasing to the energy industry in 41 sales over the next five years — more than a thousand times the area offered by the Carter administration. Mr. Watt emphasized that he expects only a small portion of those offshore waters to be leased.

**Management of EPA Assailed**

**WASHINGTON** — Democrats in Congress and environmentalists joined Thursday in a sharp attack

## Pershing-2 Blows Up in First Test

**WASHINGTON** — Seventeen seconds into the first full test flight of the Pershing-2 on Thursday, the missile's first stage malfunctioned and the missile destroyed itself, according to an Army public affairs officer on the scene at Cape Canaveral, Fla.

The spokesman said that parts of the missile rained down on an unpopulated area of the Florida launch facility and no one was hurt.

The Pershing-2 has already had a major diplomatic as well as military impact on relations between the Soviet Union and the West.

The missile is scheduled to be deployed in West Germany. With its planned range of 1,000 miles (1,600 kilometers), it would be able to hit targets in the Soviet Union less than 10 minutes after launching — a time span considered too short for a response by any Soviet missile defense system. In addition, the Pershing-2 is to have a new radar guidance system that Army spokesmen say provides "pinpoint accuracy."

The missile's proposed deployment has been the subject of continued criticism from Moscow and opposition from the anti-nuclear movement in West Europe.

At the same time, according to Washington observers, it was the potential threat of the Pershing-2 that drove the Russians to begin the intermediate-range missile negotiations now being held in Geneva.

It was too early Thursday to assess the long-term impact of the malfunction on deployment, which is planned for late 1983 or early 1984. But a desire to achieve that first scheduled deployment date had already forced the Army's Missile Command and Martin Marietta, the Pershing-2's builder, to take major risks in building and testing the missile at the same time.

The effort to make the deploy-

ment deadline set by NATO has meant a substantial cost increase for the Pentagon.

Thursday's test, however, was only one of several major ones that the missile must pass.

Fifteen more flight tests are planned, although only one more from Cape Canaveral is over the missile's planned extended range of 1,000 miles. The remaining tests will be at a shorter range — about 600 miles — over land, but they will still provide an opportunity to test the missile and its new guidance system.

Those plans inevitably will be changed, and pressure is expected to develop to increase the number of tests, perhaps to the 28 that had been scheduled as part of the program to allow the missiles to be deployed in late 1984.

The United States plans to deploy 108 Pershing-2 launchers in West Germany by 1986, along with at least 150 of the new missiles.

**INSIDE**

- A new emphasis on travel will be found in the Weekend section, which beginning today moves to the Friday paper. This week's section offers a look at Greece and an artist's toast to travel around the world. Pages 7W-10W.
- A cut in steel exports to the United States has been offered by the EEC in an attempt to end a trade dispute threatening transatlantic ties. Page 17.
- "Explosive information" that could damage the CIA would come out if the case against Edwin P. Wilson goes to trial, according to the lawyer for the former intelligence agent who is accused of supplying Libya with munitions and terrorist training. Page 5.
- Italy is the subject of a special focus. Pages 11S-15S.

**To Our Readers**

Because Wednesday night's storms and flooding in the Paris area delayed production at the Herald Tribune, distribution of the paper to some areas of Europe was disrupted. We apologize for the inconvenience and appreciate your forbearance.

**Thatcher Bars General Election Within Next Year**

**LONDON** — Prime Minister Margaret Thatcher ruled out on Thursday a general election in Britain for at least 12 months but hinted that by autumn of next year she might be ready to go to the polls.

"We need another full year of sound legislation, continuing victory against inflation and hopefully a dramatic improvement in the U.S. economy of which we will be able to take appropriate advantage," she told an influential committee of government supporters in Parliament.

Mrs. Thatcher, who came to power in 1979, need not call an election until May 1984.

Meanwhile, the centrist political alliance of Social Democrats and Liberals unveiled plans for reforming the electoral system. The alliance proposed that Britain be divided into 143 constituencies instead of the present 635.

## Sources Say Vietnam Is Increasing Its Cambodian Force, Despite Vow

**BANGKOK** — Vietnam has secretly sent thousands of troops into Cambodia while claiming to withdraw some of its 150,000 soldiers in the country, sources say.

A Vietnamese draftee who defected to Thailand Wednesday estimated that 10,000 troops had been sent by truck across Cambodia to the region bordering Thailand. A Khmer Rouge military commander operating in western Cambodia also reported large troop movements in the area.

Foreign Minister Nguyen Co Thach of Vietnam said two weeks ago in Ho Chi Minh City that Hanoi would withdraw a substantial number of its troops from Cambodia this month. Last weekend, the official Vietnamese and Cambodian news agencies issued several dispatches describing the withdrawal of Vietnamese units.

Western analysts in Bangkok have been skeptical of Vietnam's claims, and unconfirmed reports said many of the Vietnamese

troops who were withdrawn were already ill with malaria and were not needed during the rainy season, when there is a lull in fighting.

The announcement last month of the formation of a three-party coalition to battle the occupation forces has been denounced strongly by the Vietnamese.

During a visit Tuesday to Singapore, Mr. Thach hinted that Vietnamese troops battling Cambodian guerrillas might pursue those guerrillas into Thailand.

In Manila Thursday, former Premier Son Sann of Cambodia, a member of the anti-Vietnamese coalition, dismissed claims by Vietnam about troop withdrawals from Cambodia. He said Vietnamese forces had merely been rotated.

Mr. Son Sann, who arrived Wednesday for a three-day visit, made the comment during a meeting with Foreign Minister Carlos P. Romulo, a Philippine announcement.

The former Cambodian premier briefed Mr. Romulo on steps taken

by the coalition to strengthen its forces inside Cambodia and on the plight of Cambodian refugees. The coalition includes two non-Communist factions, one headed by Prince Norodom Sihanouk and the other by Mr. Son Sann, and the Khmer Rouge, the Communist group that ruled Cambodia until it was deposed by the Vietnamese in 1979.

In Peking Thursday, Deng Xiaoping, the Chinese party deputy chairman, told Prince Sihanouk that China's support for the coalition was lasting.

"Even after the Cambodian people's complete victory in the anti-Vietnamese struggle, the three parties will need to continue to work together to build Cambodia into a peaceful, neutral and nonaligned country," the Chinese news agency quoted Mr. Deng as saying.

Prince Sihanouk had reluctantly agreed to form the alliance with the Khmer Rouge, who are blamed for the deaths of hundreds of thousands of Cambodians during their rule of nearly four years.



Cambodian refugees in a camp near Manila gave an emotional welcome to former Premier Son Sann during a visit Thursday.

## Camera Reveals 'Bed of Rubble' In Reactor at Three Mile Island

**MIDDLETOWN, Pa.** — Officials at Three Mile Island said Thursday that a camera inspection showed that the center of the core of the damaged nuclear reactor was reduced to "a bed of rubble."

But they said the test revealed evidence that uranium fuel had melted during a 1979 accident.

Robert Arnold, an official of General Public Utilities Nuclear Corp., said there was "no substantive evidence" suggesting that the March 28, 1979, accident resulted in a meltdown of the Unit No. 2 reactor core.

"Our judgment is that it did not melt," he said. "We may find otherwise when we get an actual examination of the fuel material."

Mr. Arnold said he based his opinion on evidence that core temperatures were not high enough during the accident to cause the fuel to melt. The "bed of rubble" resulted from the breaking-up of the fuel casing, Mr. Arnold said.

William Hamilton, a scientist who participated in the camera in-

spection, said he agreed with Mr. Arnold that there was no evidence the fuel had melted.

The Washington Post had reported that Mr. Hamilton said the accident resulted in almost total meltdown of the reactor core, indicating the accident was more serious than believed.

"I don't think melt is the appropriate word," Mr. Hamilton said.

Core meltdown, which is considered the worst case in analyses of nuclear safety, occurs when a loss of coolant leaves the fuel rods exposed. The heat created by the nuclear fission process can melt the fuel, creating dangerously high temperatures that can lead to a massive release of radiation.

"What we saw appears to verify the damage estimates advanced by several studies since the accident," Mr. Arnold said.

"Those studies generally predicted a rubble bed at the upper center of the 12-foot-long fuel assemblies, where temperatures were higher," Mr. Arnold said.

It generally had been thought that temperatures in the upper part of the core exceeded 4,000 degrees Fahrenheit (2,200 Celsius), well above the 3,362-degree melting point of the zirconium alloy cladding of the fuel rods. It had been thought less likely that temperatures reached 5,080 degrees, the melting point of the uranium oxide contained in the center of the fuel rods.

Plant officials got their first look inside the Unit No. 2 reactor core after an underwater video camera was lowered into the reactor for an hour Wednesday.

The camera inspection was described as a necessary prelude to ultimate removal of the damaged core, tentatively scheduled for 1985.

Mr. Arnold said the inspection showed only "a very limited" part of the core and that additional tests of other areas at the top of the core would be conducted.

He said the tape showed "the

(Continued on Page 2, Col. 3)

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## Iran Says Its Forces Open New Drive; Iraq Reports Foiling Attack

The Associated Press

NICOSIA — Iran said Thursday that its forces moved 14 miles into Iraq in a major new attack that dispersed four Iraqi divisions. But Iraq said its forces counterattacked with "brilliant success" and annihilated the invaders.

A communiqué carried by the Iranian news agency and monitored in Nicosia said Iranian forces advanced about 22 kilometers into southeast Iraq during a fierce seven-hour battle Wednesday night launched near the Iraqi border post of Zaid, six miles northeast of the strategic oil port of Basra.

It was the second major Iranian offensive reported since July 13, when Iranian troops crossed the border to establish a foothold in Iraqi territory north of Basra for the first time in the 22-month Gulf war. Iraq also said it repulsed the first Iranian thrust.

Iran's communiqué said its troops succeeded in "dispersing four enemy divisions," killed more than 2,000 Iraqis, took "a large number" of prisoners and destroyed more than 380 Iraqi tanks and personnel carriers.

An Iraqi communiqué conceded that Iranian troops advanced three miles into Iraq but said Iraqi forces succeeded in "stopping the bud of the enemy attack" and immediately retaliated with "brilliant success."

The Iraqi statement, carried by the Iraqi news agency, said "all Iranian troops were wiped out except those taken prisoner." It said

the Iranians retreated, leaving thousands of dead and military equipment behind.

Both nations ban foreign correspondents from the front, making independent verification of the rival reports impossible.

Tehran radio, which first announced the latest Iranian offensive, said Iranian forces had "crushed the enemy's forward lines and reached the heart of his forces after clearing vast minefields and crossing enemy fortifications."

Iran said last week that it had captured the border post of Zaid last week, but an Iraqi communiqué at the time said the Iranians had been lured into an ambush and pushed back across the border.

Iraqi troops were last reported entrenched about three miles inside Iraq just north of Basra along the Shatt-al-Arab estuary that forms part of the disputed border between the two countries. Iraq reported 1,942 Iraqis killed and 15 tanks destroyed in action east of Basra Tuesday night and Wednesday.

Tehran Radio said reports on Iranian operations "on other axes" would be issued later, suggesting the Iranians launched a multipronged offensive. Iran's state-run media also said both sides were engaged in heavy artillery duels across the Shatt-al-Arab waterway and that 25 Iraqis were killed in cross-border battles around Iran's oil-refining center at Abadan.



Chancellor Helmut Schmidt of West Germany, left, arrives in California with Secretary of State George P. Shultz of the United States, center, for a weekend vacation. The man at right was not identified. The two leaders are among a number of prominent men who will be taking part in the annual encampment of the exclusive Bohemian Club near San Francisco.

## Camp David Accords Are Best Mideast Path, Shultz Told Senators

By Bernard Gwertzman

New York Times Service

WASHINGTON — Secretary of State George P. Shultz has declared that he favors no approach to Middle East negotiations other than those called for in the 1978 Camp David accords for granting self-rule to the Palestinians living in the Israeli-occupied West Bank and Gaza Strip.

In written replies to questions submitted by senators at the time of his confirmation hearing last week and made public Wednesday, Mr. Shultz also said that, although there might appear to be some short-term advantages in threatening to withhold aid from Israel, "pressure and threats are not in my mind the best way to bring about stable and lasting solutions."

During his confirmation hearings, Mr. Shultz made an urgent plea for resolution of the Palestinian problem but made only passing reference to the Camp David accords. But in his written answers, the thrust was more in support of Camp David.

Impression Created

In the context of Middle East diplomacy, strong support for the Camp David accords is seen as support for Israel, which insists that they are the only basis for negotiations. No Arab nation except Egypt has accepted the accords, one of which outlines terms for granting "full autonomy" to the Palestinians in occupied Israeli territory for a five-year period, pending negotiations on the ultimate fate of the lands.

Even though Mr. Shultz was careful to balance his original statement at the hearings with strong support for Israel, his remarks created an impression, particularly in the Arab world, that he was considering an approach other than Camp David to advance the peace process.

Because the Camp David accords are generally rejected in the Arab world, some Arab commentators assumed that a shift had begun in Washington. They noted Mr. Shultz's former job as president of the Bechtel Group, a construction company with major contracts in the Arab world.

Mr. Shultz, seeking to reassure supporters of Israel that he was not biased in favor of the Arabs, said he fully shared President Reagan's commitment "to help maintain Israel's technological and qualitative advantages in the region."

"We are also mindful of Israel's quantitative concerns," he said, referring to the balance of military forces.

At the State Department, a major effort was undertaken Wednesday to dispel reports, primarily

from Palestine Liberation Organization sources in the Middle East, that the United States was engaged in new talks with the PLO.

Philip C. Habib, the special U.S. envoy to the Middle East, has been involved in indirect talks with the PLO through Lebanese and Saudi intermediaries about terms for the withdrawal of its guerrillas from Beirut.

The department stressed that, until the PLO unambiguously accepted Washington's long-standing conditions, there would be no direct contact with the guerrilla group. Dean Fischer, the department spokesman, said, "Our position on the PLO remains unchanged."

He said the United States "will not recognize or negotiate with the PLO until that organization has accepted two UN Security Council resolutions, 242 and 338, and recognizes Israel's right to exist."

Arab Proposals

Mr. Reagan and Mr. Shultz met Tuesday and Wednesday with the foreign ministers of Syria and Saudi Arabia to hear their ideas on ending the siege of West Beirut. The two Arabs proposed moving the PLO forces from the capital to northern Lebanon pending their withdrawal to other Arab nations.

Mr. Shultz, in a meeting with Foreign Minister Emilio Colombo of Italy, said the main problem — finding havens for the PLO — remains despite some grounds for encouragement emerging from his meetings with the Arab foreign ministers.

So far, no Arab country has officially offered to receive the PLO. The United States is concerned that Israel's patience may end if the negotiations drag on, particularly as the PLO continually seeks to enhance its political standing with the United States.

Mr. Fischer declined to say how the PLO should go about meeting the U.S. conditions, but a senior official said privately that "Yasser Arafat could go on American television and say simply, without embroidery, that the PLO recognizes Israel's right to exist and 242 and 338."

Resolution 242, approved after the 1967 war, calls on Israel to give back captured Arab territory in return for acceptance of the principle that all states in the region should live in peace in "secure and recognized boundaries." Resolution 338, approved after the 1973 war, calls for negotiations.

Israel has officially accepted the two resolutions, but its adherence has been questioned by its virtual annexation of the Golan Heights last December. That move raised doubts about whether Israel would return the territory, seized from Syria in the 1967 war.

## Kenyan Editor Is Fired for Criticizing Regime

By Alan Cowell

New York Times Service

NAIROBI — The editor-in-chief of Kenya's second-largest daily newspaper, The Standard, has been dismissed because of an editorial criticizing the pro-Western government for detaining people without trial, intimidating journalists and creating "fear and insecurity in the body politic."

The Standard, one of Kenya's three English-language morning newspapers, published a special afternoon edition Wednesday to announce the firing of the editor-in-chief, George Githii.

The front-page story said the shareholders, directors and management of the newspaper considered Mr. Githii's editorial to be provocative and contentious. The Standard is owned by Louisa, the London-based mining conglomerate.

The government was not involved publicly in the dismissal, but there was clear pressure from ministers for Mr. Githii's dismissal

when Parliament debated the editorial Wednesday.

Paul Ngei, the minister for livestock development, called the journalist a traitor and demanded his detention. Vice President Mwai Kibaki said the article was calculated to "destabilize the peace."

Charles Njoro, minister for constitutional affairs who is believed to influence policy at The Standard, said it was "diabolical."

The government's response to the editorial illuminated its increasing sensitivity to opposition. In recent months four university lecturers, a former member of Parliament, a lawyer and the former deputy director of intelligence have been detained on political grounds. The government has turned Kenya formally into a one-party state, and a principal opposition figure, Oginga Odinga, has been effectively barred from politics. The moves have dented Kenya's image as a bastion of free expression in Africa.

In his unusually blunt editorial,

Mr. Githii said the country "has been increasingly gripped with fear, the fear of detention of individuals without trial." Newspaper editors, he said, had been "told in no uncertain terms that they can publish certain things at their peril."

"This kind of intimidation against people who are trained to handle ideas can have no other effect except to move this country from an open to a closed society," the editorial declared. This effectively breached a kind of unofficial covenant between the government and the press by which editors exercise self-censorship on sensitive issues. The Standard's official policy is to support the government.

Government Role Unclear

It was not immediately clear whether The Standard's management had dismissed Mr. Githii to forestall government retribution or whether the authorities had privately demanded his removal. Traditionally, in a continent where newspaper freedom is wide-

ly curtailed by direct government control, Kenya has boasted a privately owned press free of such restraints.

The country's biggest-selling daily, The Nation, is the property of the Aga Khan IV, and the smallest of the trio of dailies is owned by a private Kenyan company.

Some Kenyan journalists assert, however, that foreign ownership limits press freedom because overseas proprietors seek to protect other business interests in Kenya and make decisions affecting editorial policy.

The government's response to Mr. Githii's comments deepens an impression of intolerance surrounding the administration of President Daniel Arap Moi. That impression is strengthened by reports such as one in Wednesday's special edition of The Standard quoting a government official as saying "disgruntled elements" would be detained to "stop them from confusing peace-loving Kenyans."

## U.S., Despite Defiance, Still Favors Sanctions

United Press International

WASHINGTON — The Reagan administration is committed to enforcing a ban on the sale of U.S.-licensed technology for the Siberia natural gas pipeline despite a refusal by France to abide by the embargo, a spokesman said Thursday.

Larry M. Speakes, deputy White House press secretary, said the Commerce Department would be studying options available under the Export Administration Act for punishing companies violating the trade sanctions.

'Will Enforce Law'

"There are a variety of measures that are available to us under the act and it's a question of what we will or will not do," Mr. Speakes said.

No decisions will be made until U.S. officials determine how

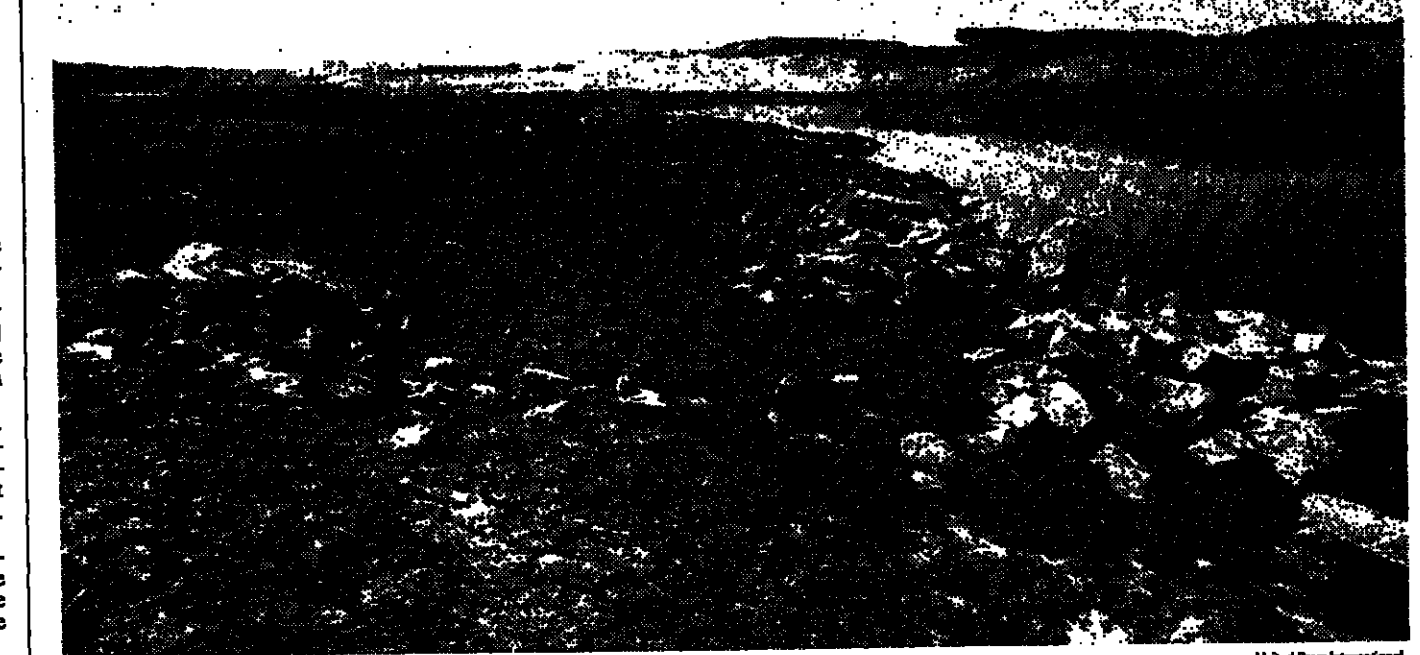
French firms involved in the pipeline project respond to the decision to enforce the ban, said a spokesman of President Francois Mitterrand to refuse to honor the ban, he said. "Certainly, we will enforce the law," Mr. Speakes said.

The French government announced that it will ignore President Reagan's embargo on the sale of U.S.-licensed equipment for the 3,700-mile pipeline that will deliver natural gas to Western Europe.

The French decision presumably means the Soviet Union will receive crucial turbine rotors made in France under contract with General Electric.

Mr. Speakes said: "The U.S. government position on the sanctions is well-known. The U.S. sanctions are a response to the Soviet role in the repression in Poland. We regret the French statement."

Mr. Speakes said the administration was not surprised by the announcement and reiterated, "We have felt the actions we took are fully legal and proper."



ITALIAN DROUGHT — A dry spell has lowered the Po River. At some points the river could be crossed on foot.

## Tanzania Supports Polisario in OAU

United Press International

DAR ES SALAAM, Tanzania — Tanzania's foreign minister said Thursday it supported the admission of the Polisario guerrilla front to the Organization of African Unity's 51st member and criticized Morocco's refusal to negotiate with the front to settle the Western Sahara war.

The minister, Salim Salim, said Morocco was jeopardizing African unity because of its refusal to recognize the Polisario as a full member of the OAU.

The Polisario, which has been fighting Morocco for control of the former Spanish colony, was admitted to the OAU as a full member in February. The OAU has been split over the issue, with more than a third of its members objecting. The split threatens to force the cancellation of the OAU summit meeting in Libya in August.

Reagan Briefed

Mr. Reagan was briefed on the decision Thursday by William P. Clark, his national security adviser.

Claude Cheysson, France's external affairs minister, characterized U.S.-French relations Wednesday night as going through "a progressive divorce," and said, "We no longer speak the same language."

Commenting on the remarks, Mr. Speakes said: "We continue to speak the same language. We have warm and friendly relations between the two presidents. The bond between the United States and French government is strong and intact. We do have policy differences and this is one of them."

The U.S. sanctions are expected to be discussed when Secretary of State George P. Shultz and Chancellor Helmut Schmidt of West Germany meet this weekend in northern California.

## Camera Reveals 'Bed of Rubble' in Reactor

(Continued from Page 1)

top five feet of the fuel assemblies had become a bed of rubble." A spokesman said the visual inspection would complement a test conducted in June when technicians attempted to gauge damage by trying to insert control rods through the core.

The two exploratory tests were designed to give the utility the first "hard evidence" on core conditions. Experts had been able only to speculate on the extent of core damage.

Radiation Readings

Technicians proceeded with the project despite preliminary tests that showed slightly higher than

anticipated radiation readings from the tube leading to the core.

The spokesman said further testing determined radiation levels were "well within limits."

Mr. Hamilton said the inspection Wednesday focused on an area about 10 inches in diameter at the center of the core. This was the second phase of tests leading to removal of the 40-foot reactor's 160-ton dome next year and removal of 133 tons of damaged nuclear fuel.

Investigators concluded after the accident that health effects on residents of the greater Harrisburg area surrounding the plant were negligible, but thousands of people spent a week living in fear of disaster.

Wednesday that one of the largest U.S. discoveries of high-grade uranium has been made in the tobacco fields of southern Virginia.

Preliminary findings indicate that about 30 million pounds of uranium oxide, about twice as rich as the average U.S. commercial mining deposit, lies beneath a handful of farms off an isolated dirt road in this community of 1,550, about 20 miles north of Danville.

"This could potentially be the largest, most economical discovery in the United States," said Daniel C. Idzal, chief operating officer of the Maritime Corp.

While confirming the find, government and industry experts noted that it comes at a time of severe depression in the industry. As demand for nuclear power has tapered off, spot market prices for uranium have dropped from \$43 a pound three years ago to about \$20.

## Reagan Forestalls A Strike Called By 2d Rail Union

United Press International

WASHINGTON — President Reagan invoked emergency powers Thursday to prevent a second labor organization, the United Transportation Union, from striking against the nation's railroads.

Earlier this month, Mr. Reagan established an emergency board to handle a strike threat by the Brotherhood of Locomotive Engineers.

The president created another board Thursday, with the same three members, to study the issues dividing the railroads and the United Transportation Union.

The earlier action forestalled a nationwide rail strike by the locomotive engineers that had been scheduled for July 11. Creation of the new board, which imposes a 60-day cooling-off period, averts a strike set for July 30.

White House statement said that the rail lines involved operate about 90 percent of the total traffic in the United States and serve all states except Rhode Island.

New U.K. Health Strike Set

LONDON — British health service unions announced plans Thursday for another national strike, Aug. 9-13, as they seek a 12-percent raise.

## Beirut Abductors Reported Identified

BEIRUT — The kidnapers of the head of the American Liberation Organization, David S. Dodge 24, have been identified, the Palestine Liberation Organization said.

"We identified them and we know who they are, but we are not going to say anything else," a PLO spokesman said. Lebanese sources said the acting president was being held by a pro-Iranian, Shiite Muslim splinter group of the Amal militia in West Beirut.

Nabih Berri, who heads the militia, has previously denied that his group was responsible for the abduction. The PLO, which has taken charge of the investigation, was said by sources to be negotiating for the release of Mr. Dodge, 58, a Beirut-born American citizen who was abducted Monday evening as he walked from his office to his residence on campus.

## Warsaw Crowd Defies Martial Law

WARSAW — Hundreds of Poles, many on their knees and in tears but flashing victory signs, defied martial-law bans on gatherings Thursday.

As official ceremonies marked the advent of Communism here 38 years ago, about 500 people knelt in prayer nearby at the site of a flood cross where Cardinal Stefan Wyszyński's coffin rested during his funeral in May, 1981. The cross has become a symbol of protest against martial law, which was declared Dec. 13.

The cross had disappeared overnight in preparation for the official ceremonies. As the ceremonies began, however, the crowd began rebuilding the cross.

## Sindona, 25 Others Indicted in Milan

MILAN — The Italian financier Michele Sindona, who is serving a 25-year prison sentence in the United States for defrauding the Franklin National Bank, was indicted Thursday in a bankruptcy case with 25 other persons, including an officer of the Vatican Bank.

The case involved the 1974 bankruptcy of Banca Privata Italiana. Mr. Sindona and the others were accused of fraudulent bankruptcy, violation of Italian banking laws and falsification of company figures.

Those indicted include Luigi Menzini, the highest law officer of the Institute for Religious Works, the formal name of the Vatican Bank Massimo Spada, once a top aide to Mr. Sindona and a former financial adviser to the Vatican, was also named. Mr. Sindona had served as an investment adviser to the Vatican until the collapse of his banking empire.

## U.K. Lifts Falklands Exclusion Zone

LONDON — Britain lifted its 200-nautical-mile air and sea blockade around the Falkland Islands on Thursday, 38 days after Argentine forces surrendered, Prime Minister Margaret Thatcher announced.

But the Argentine government has been asked to keep its warships and military aircraft out of a 150-mile (240-kilometer) zone around the islands "to minimize the risk of misunderstandings or inadvertent clashes," Mrs. Thatcher said. The zone exclusion zone around the islands imposed April 30 as the British task force arrived in the South Atlantic. Mrs. Thatcher said the further British blockade announced on May 1, warning that any Argentine warship and warplane found more than 11 miles from the Argentine coast would be regarded as hostile, was also lifted.

## Rioters Dispersed in New Caledonia

NOUMEA, New Caledonia — Riot police fired tear gas Thursday to disperse about 250 rioters protesting last month's takeover of the administration of this French South Pacific territory by a coalition dominated by pro-independence parties.

The fighting began when protesters threw chairs and stones at members of the territory's legislative assembly during a debate on changes that France intends to impose by decree.

The changes give improved economic and social rights to the indigenous Melanesians, who are outnumbered in the territory by other races. Under the changes officials would be able to expropriate white-owned lands and return them to traditional tribal owners.

## Senate Panel to Study Donovan Probe

WASHINGTON — The Senate Labor Committee Thursday decided to conduct its own investigation of how the FBI handled the background investigation of Labor Secretary Raymond A. Donovan last year.

By a vote of 11-0, the committee approved a resolution ordering the investigation a day after several conservative legislators wanted to delay. The resolution, an outgrowth of hearings last year, would authorize an investigation to resolve any and all questions concerning the committee received full, complete and timely disclosures of information in the confirmation of Secretary Donovan. "There have been allegations that Mr. Donovan had dealings with organized crime."

A special prosecutor, Leon Silverman, in a report June 25, found no evidence to charge Mr. Donovan with a crime for any activities while he was an executive of a New Jersey construction company and a fund-raiser for President Reagan's election campaign.

## Crackdown on Nkomo Party Urged

HARARE, Zimbabwe — The Zimbabwe government was urged Thursday to ban Joshua Nkomo's opposition party and to end its editorial campaign. The pro-government Herald newspaper said in an editorial that the party behind banditry and lawlessness in parts of the country and last month on guards at Prime Minister Robert Mugabe's residence.

"Our view has always been, and still is, that if ZAPU is involved in should be banned and its entire leadership locked up," the paper said. At least 30 people have been killed during the past four months in a wave of violence sweeping through the southern Matabeleland province. Mr. Nkomo's political power base. The government blames former guerrillas loyal to Mr. Nkomo.

Compiled From Agency Dispatches

## Southern African States Assail Pretoria, Ask Aid

GABORONE, Botswana — Leaders of nine southern African nations ended a one-day meeting Thursday with a condemnation of South Africa and an appeal to the international community for help in ending their economic dependence on the white-ruled republic.

They also expressed satisfaction with the progress of the Southern African Development Conference, or SADC, which they formed two years ago to increase their development and reduce transportation and trade ties with South Africa.

The leaders — from Botswana, Tanzania, Zimbabwe, Zambia, Mozambique, Swaziland, Lesotho, Malawi and Angola — said at a news conference their discussions had been limited to economic matters. But security was obviously a prime consideration.

The nine leaders said guerrillas supported by South Africa were disrupting the development organization's transportation, cutting through Mozambique and Angola.

President Qiso Masire of Botswana appealed to rich nations not to deny economic aid to the poor because of the world recession. He said, falling living standards for millions around the world was the gravest man-made threat to civilization ever encountered.

The communiqué noted that the next major development conference meeting will be in Maputo, Lesotho, in January when the organization will seek more financial aid, mainly for developing infrastructure and "improving agricultural cooperation in the area."

"The heads of state and government urged SADC's partners in the international community to participate actively at the Maputo conference," it said.

To date, the development conference has been promised \$1.4 billion from 32 foreign governments and agencies to modernize ports, railways, roads and telecommunications. It estimates that it needs about twice that much to build a transportation network suitable for the region through the end of the century, and says that much more will be required for energy, industry and food programs.

Sri Lanka Passes Anti-Hijack Law

COLOMBO, Sri Lanka — Sri Lanka outlawed airplane hijacking in retroactive legislation apparently aimed at the nation's first hijacker, who briefly enjoyed the status of national hero.

Sept. 23, 1971, used false dynamite last month to hold 25 passengers aboard an Alitalia jet over the Indian Ocean, receiving \$300,000 in ransom and safe conduct home. He will be tried under the new law passed Wednesday, government sources said.

It was not clear whether passage of the law means Mr. Ekanayake will not be extradited to Italy for trial. Sri Lankan officials say they have not received an extradition request.

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**New U.K. Health Strike Set**  
LONDON — British health service unions announced plans Thursday for another national strike, Aug. 9-13, as they seek a 12-percent raise.

مكتبة الأنجلو



## House Rebuffs Reagan Over Plan to Resume Toxic Weapon Output

**WASHINGTON** — By a margin of nearly 100 votes, the House of Representatives Thursday rejected President Reagan's plan to resume production of chemical weapons, refusing to end a 13-year U.S. moratorium on such weapons.

The action came as lawmakers continued work on the \$177-billion defense authorization bill for 1983. It marked the first defeat for the administration since House debate on the bill began May 1981.

The Senate approved Mr. Reagan's \$54-million nerve gas plan in May, meaning the conflict will go to a House-Senate conference committee.

The House first voted 232-181 to approve the ban and then rejected, 225-192, a substitute amendment that would have allowed production to proceed if older weapons were destroyed. The final vote to ban money for the chemical weapons was 251-159.

**Binary Weapons**  
Mr. Reagan, in his military plans for the spending year starting in October, said he wants to begin turning out a new generation of "binary" weapons, so called because the shells produce poison by mixing two types of chemicals that by themselves are harmless.

The United States has a stockpile of chemical weapons, but military officials say those are deteriorating and many are unsafe or unusable.

Opponents said renewed production would undermine other countries' faith in U.S. disarmament goals.

The battle followed two major victories for the administration Wednesday, when the House agreed to buy more Lockheed C-5 cargo planes for the Air Force and narrowly rejected a proposal to eliminate production funds for the MX missile.

The Reagan proposal to buy 50 new C-5s was upheld by a vote of 289 to 129 after hours of acrimonious debate. The House defeated another proposal to buy Boeing 747 jets for use as military cargo planes.

The votes leave the fate of the C-5 and the MX missile in doubt, however. The Senate voted earlier this year to buy the Boeing wide-body jet rather than the Lockheed C-5, which was the Pentagon's choice. The Senate had also voted to cut more than \$1 billion out of the defense authorization bill for the 1983 fiscal year for MX production.

Thus both House decisions must



**PHILIPPINE SHOOTING** — Former Vice President Emmanuel Pelaez, 66, was rushed into surgery in Manila after his car was riddled with bullets Wednesday night. He was shot four times and his driver was killed. Authorities said the politician's condition was stable Thursday.

## Petrov Ends His Fast, Doubts 'Right' to Go On

**MOSCOW** — After 51 days on a hunger strike to obtain a Soviet exit visa, Sergei Petrov announced Thursday that he had ended his protest. He said he did not want to put his American wife and his relatives and friends through more anguish and that he doubted he had the "right to continue" the fast.

"I decided to stop. No one forced me," the 29-year-old photographer said by telephone from his Moscow apartment. "I took broth this morning."

Mr. Petrov's wife, the former Virginia Hurt Johnson, 24, of Knoxville, Va., left Moscow Wednesday after a four-day visit. She said that she had failed to convince her husband to end the protest.

Mr. Petrov had vowed to fast until he was allowed to join her in the United States. But he said Thursday, "Probably during the last few days I realized how much it was costing everyone who loves me." He added that "I don't think I have a right to continue."

Mr. Petrov said that his 65-year-old mother also ended her fast in support of his protest on the eighth day Thursday. They share an apartment in northern Moscow.

Soviet authorities have denied Mr. Petrov an exit visa on the ground of state security. He was assigned to a scientific institute for three months after completing school six years ago, but he said

be resolved in conference committee with the Senate.

The cargo plane issue had generated great controversy, pitting the congressional delegation from Georgia, where a Lockheed plant would build 50 C-5Bs, against those from the states of Washington and Kansas, which would benefit from Boeing's proposal to sell freighter versions of its 747 planes. Supporters of the 747 said the plan would save the government more than \$6 billion.

In the end, many politicians thought it was possible that no new aircraft plan would be approved this year.

Rep. Robert E. Badham, Republican of California, offered a substitute proposal to eliminate spending for both aircraft and to seek instead an entirely new plane called the CX or C-17, designed by the McDonnell Douglas Corp. of St. Louis. Rep. Badham's proposal was defeated by a large margin.

In an unexpectedly close test, critics of the MX, which stands for missile experimental, almost succeeded in eliminating funds earmarked for the weapon from the authorization bill. The move was defeated by a vote of 212 to 209.

Rep. Nicholas Mavroules, Democrat of Massachusetts, and Beverly B. Byron, Democrat of Maryland, offered the amendment to cut \$1.14 billion for production of the first nine MX production missiles, expected to be ready about 1986.

**Cautious Urged**  
Advocates of the Mavroules amendment said the government's inability to find a workable basing system for the MX made it unwise to authorize money to begin production.

Rep. Samuel S. Stratton, Democrat of New York and a strong advocate of the MX, then introduced a substitute amendment that he contended would "fence off" \$259 million obligated for basing and deployment from being spent until 30 legislative days after Mr. Reagan informed Congress that a "permanent" basing system for the MX had been selected.

Rep. Les Aspin, Democrat of Wisconsin, and several others objected that Rep. Stratton's substitute would not guarantee that Congress would ever be able to cast a vote on the merits of the presidential choice on a basing mode.

The Stratton substitute was passed, thus killing the proposal by Rep. Mavroules to stop production funds for the missile.

## Los Angeles Is Trying New Legal Tactic to Combat Graffiti

By Jay Mathews  
Washington Post Service

**LOS ANGELES** — The multicolored graffiti painted by gangs on walls and streets in this city resemble scars on an old battlefield. They are thick on the borders of gang turf, where rivals sometimes spend bloody nights trying to paint out each other's slogans.

But Los Angeles officials have begun a novel attempt to use two obscure bits of civil law as a weapon to remove the graffiti and perhaps also to ease the community fears and violence that often go along with the garish scribbles.

City Attorney Ira Reiner, who thought up the anti-graffiti strategy, said that laws in other states could allow similar attacks on what is a common big-city blight.

Beginning Thursday, Los Angeles will file test suits

charging three major gangs and their adult members with being "unincorporated associations" guilty of civil contempt by making a public nuisance.

"They think they are the authority in those neighborhoods, not the police," said Mr. Reiner, who sees the effort as much more than a neighborhood beautification project. He and other city officials said they had found almost unanimous support for an anti-graffiti campaign when they circulated petitions in some affected neighborhoods.

"Many people didn't want to sign the petition simply because they said they were afraid of the gangs," Mr. Reiner said.

The police have counted 110 gangs in Los Angeles with an estimated membership of 20,000, about 75 percent of whom are adults. Most are based in predominantly Latino or black neighborhoods, and their shootouts regularly bring death and injury.

Police officers say they hope to ease street violence because the spray-painted words often target victims, level provocative charges against rival gangs and incite battles over turf. One gang is often tempted to see if it can spread its graffiti into another's territory.

Criminal law is "totally ineffective" in dealing with the problem of graffiti, Mr. Reiner said. The police rarely catch vandals painting their wall messages, as is necessary for successful prosecution.

### Structured Organizations

The three gangs to be named in the suits — the Dogtown gang, the Primera Flats gang and the 62d Street Crips — are particularly long-lived, well-structured organizations with a reputation for intimidating their neighbors through graffiti.

Mr. Reiner said he would attempt to prove that the graffiti are covered under a state law making certain

signs and advertising a public nuisance. In the most unusual and difficult part of the legal maneuver, he must then convince a judge that the gangs are legal entities, "unincorporated associations," and thus can be sued and each of their members be made liable for other members' illegal acts.

If convinced, the judge could order the gang members to clean up their graffiti and, if they did not, convict them of civil contempt and sentence them to five days in jail. After two or three such jail penalties without result, Mr. Reiner said, he could then ask a judge to put gang members under indefinite detention.

"As far as I know, this is the first time this has been tried anywhere," Mr. Reiner said, although many other states possess the nuisance laws and association rules that would apply.



**MOSCOW RALLY** — About 300 peace marchers from Scandinavia, joined by about 100 members of the official Soviet peace movement, arrived in Moscow Wednesday by train. Civilians were allowed to join them in a march down the Prospekt Mira, or Avenue of Peace.

## 50 Lawmakers Assail U.S. War Plan

By Richard Halloran  
New York Times Service

**WASHINGTON** — Fifty members of Congress, most of them Democrats, have signed a letter to President Reagan protesting the administration's policy on fighting a protracted nuclear war and urging him to reassess the policy.

The letter was drawn up by Rep. Richard L. Ottinger of New York and Berkley W. Bedell of Iowa, both Democrats.

The legislators said they were writing "to strongly protest the reported five-year Defense Guidance recently approved" by Secretary of Defense Caspar W. Weinberger. That classified document provides

the basic strategy for the armed forces for fiscal years 1984 through 1988.

The letter said: "We are extremely alarmed with those sections of the guidance calling for planning to wage a protracted nuclear war. In our minds, such a strategy will result in a futile renewal of the nuclear arms race in which neither side will relent."

Mr. Weinberger has vigorously defended the policy as necessary to deter the Soviet Union from nuclear blackmail. He told a gathering of congressional interns Wednesday, officials said, that the Soviet Union had developed the ability to fight a protracted nuclear war and

that the United States must meet that ability.

The letter also objected to plans for space-based weapons, which they said violated international treaties, and to the possibility that the 1972 anti-ballistic-missile treaty might be abrogated.

It said of the nuclear strategy: "This policy completely contradicts your declared intentions to lessen the risk of nuclear war and undermines the credibility of your offer to negotiate 'meaningful reductions' in nuclear arsenals with the Soviet Union. For these reasons, we strongly urge you to reassess Secretary Weinberger's approval of this policy, as well as provide Congress with a full disclosure of the content of the five-year guidance."

"We may have been the only soldiers in history to have body-

## Nisei Veterans of War in Pacific Recall Their Risky, Delicate Role

By Charles Hillinger  
Los Angeles Times Service

**LOS ANGELES** — President Harry S. Truman called them "our human secret weapon."

Gen. Charles Willoughby Douglas MacArthur's chief of staff for intelligence, said the 6,000 Japanese-Americans who served in the Military Intelligence Service, or MIS, "shortened the war against Japan by two years."

Col. Sidney F. Mashbir, commander of the service, said "thousands of American lives were preserved by these courageous men."

"It's a story that has never been publicly revealed," said John F. Aiso, 72, a retired judge in the Los Angeles County Superior Court. Mr. Aiso was the organizer and chief instructor of the Military Intelligence Service.

### Secret Schools

"It would never have succeeded without Aiso's leadership at the secret MIS Japanese language schools," said James Oda, 67, of North Hollywood, Calif., one of the instructors who served under Mr. Aiso.

Most of the nisei volunteered to join the intelligence service from behind barbed wire in relocation camps, where 120,000 Japanese-Americans were held during the war because of their ancestry. The word nisei means second generation in Japanese.

Mr. Aiso, Mr. Oda and a dozen intelligence service veterans met recently to formulate plans for a reunion next month in Los Angeles of nisei veterans of the intelligence service from throughout the United States.

The nisei translated captured Japanese documents, maps, battle plans, orders, letters and publications. They interrogated Japanese prisoners.

"We may have been the only soldiers in history to have body-

guards to protect us from our own forces. In combat zones we would not be mistaken for the enemy," Mr. Aiso said.

"Our chief worry was getting shot by our own soldiers," said Kiyoshi Fujimura, 54, a retired postal supervisor from Pasadena, Calif.

He was assigned to a regiment of 3,000 Marines during the fight on New Britain Island northeast of New Guinea.

**8-Hour Captain**  
"One of the Marines told my bodyguard, 'I've been in a foxhole six months and I haven't seen a Jap. I don't know what one looks like.' My bodyguard told the Marine: 'I'll show you one for \$5.' The guy gave him the \$5. My bodyguard found me and brought me over to the Marine and introduced me."

Kiyoshi Fujimura, 57, a retired Los Angeles postal worker who was a sergeant during the war, told how he became a captain for eight hours.

"When the war was winding down in the Philippines I was to be the interpreter at Gen. Yamashita's surrender. The general would not surrender in the company of an enlisted man, so I was promoted to temporary captain for the occasion."

Many of the nisei intelligence service soldiers were killed by mistake by American troops.

Sgt. Frank Hachiya, who was posthumously awarded the Distinguished Service Cross, parachuted behind enemy lines in the Philippines and was later spotted and shot by an American.

Before he died, Sgt. Hachiya turned over to U.S. authorities a set of maps of enemy defenses. He is credited with saving the lives of hundreds, perhaps thousands, of U.S. troops.

There were many unsung heroes of the outfit, like Kenny Yasui, 68, owner of a Los Angeles import-ex-

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## In Ecuador, Prices Fall Instead of Democracy

By Douglas Martin  
New York Times Service

**QUITO, Ecuador** — This is a city where past, present and future happen simultaneously.

The colonial churches and immaculate plazas transport an observer back to the conquistadores of the 15th century. Indians, in bowler hats and ponchos, roast guinea pigs in the crowded early-morning market, bespeak cultures far, far older.

The present can be read in the street graffiti, which call for getting the Yankees out of El Salvador, the British out of the Malvinas, the government out of office. It can be sensed in the recurrent demonstrations, often violent, against the tattered economy, reflected by the devaluation of the national currency two months ago. Tellingly, in a country that truly is a banana republic, fewer bananas (and coffee and cacao) are being sold than eight years ago, and prices are slipping.

The future might be glimpsed in the teeming, blaring automobiles racing to burn over-increasing amounts of gasoline. Such use has spurred Ecuadorian and foreign analysts to wonder whether Ecuador will be able to export petroleum — its greatest bonanza in the 1970s — for even one more decade.

More positively, Ecuador has now been a democracy for more than three years and appears to be in the process of reversing its 152-year history of coups, juntas and dictators.

"The structure of the electorate has changed; half our population is now under 21," said a top-level civil servant who is not a member of the ruling Christian Democratic Party. "Young people don't want dictatorships."

Perhaps more important, the military may not want to have the responsibility for dealing with the country's mounting economic problems, despite persistent rumors that anonymous colonels are plotting a coup. "The military has always stepped in when we were riding the high wave," said Armando Falconi Paraja, a salesman educated at Cornell University.

A foreign diplomat characterized the coup of Brig. Gen. Guillermo Rodriguez Lara in 1972, the year when oil exports began, as "the most cynical coup of all."

**Oil Price Falls**

Now the price of oil has fallen so far that Ecuador's first-quarter oil earnings were a third less than a year earlier, inflation is estimated by nongovernment economists at 20 percent, and the devaluation of the sucre reflects the 40 percent plunge that had already occurred in its dollar value over the last year.

"The country is broke," said Eduardo Grande Garcia, editor and publisher of El Tiempo, a Quito daily.

The economy is depicted by government officials as the most pressing problem facing President Osvaldo Hurtado, who rose from the vice presidency a year ago after his predecessor, Jaime Roldos Aguilera, died in a plane crash.

"Always, there are various dangers to democracy, especially in our area," said Ernesto Albano, the president's press secretary. "Now, the danger may come from the economic problems."

### U.S. Interests

In the absence of any guerrilla movement and with insignificant showings by extremist parties in the 1979 elections, the United States has been chiefly interested in Ecuador as a relatively small trading partner — it supplies about 35 percent of Ecuador's imports — and as one of four South American democracies. The only substantive dispute between the two countries in recent years has been over tuna fishing rights.

That, however, was before Britain moved to take the Falkland Islands back from Argentina. Although no formal polls have been taken, political analysts here estimate that more than 90 percent of the people supported Buenos Aires in that dispute.

The resentment toward the United States appeared to run at least as deep as that against Britain, which many Ecuadorians felt was only reacting to Argentina's initial aggression. In essence, they charge that Washington has opted out of the Americas.

"Mr. Reagan and Mr. Haig accomplished in 20 minutes what Fidel Castro could not accomplish in 20 years," charged Jorge Paraja Cuelalon, director general of the state oil company.

"It is a blatant denial of hemispheric solidarity," an editorial in El Comercio, Quito's largest circulation newspaper, declared. "It is the final epitaph of the Monroe Doctrine."

### Moscow Jails 12 In Smuggling Ring

Reuters

**MOSCOW** — Twelve persons, including two customs officers at Sheremetyevo Airport in Moscow, have been sentenced to long prison terms for trying to smuggle Russian art treasures to the Middle East, the Soviet trade Union newspaper Trud reported Thursday.

Trud said the ring centered on a foreigner who had tried to smuggle Soviet currency, car parts, gold, silver and jewels from the 3d and 2d centuries B.C. to a Middle Eastern nation.

The Trud report named 11 Russians and a foreigner referred to only as Mohammed, but it did not give the identity or the nationality of the foreigner who had founded the ring.



## Today, the Trib Sends You Packing For the Weekend

The Trib is shifting its feature-packed Weekend section into Friday's newspaper, beginning today. Weekend is as lively as ever — opening up with a brand-new, weekly Travel Section on its fact-filled, two center pages. International Datebook. Where to go. How to get there. Where to dine, drink, disco, do the town.

Designed for readers who want to hit the road in style.

Weekend on Friday is part of the IHT's new, still evolving, day-by-day lineup of special feature

pages, designed to brighten all your reading week:

- Insights on Wednesday
- Science/Technology every Thursday
- Style one Thursday each month
- Weekend & Travel on Friday
- Arts on Saturday

You can find something very special in your Trib all week long.

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# Herald Tribune

Published With The New York Times and The Washington Post

## An Economic Treadmill

From THE WASHINGTON POST

The recession, it appears, is not yet over. The government has just published its first estimate of the gross national product—the measure of the American economy's output—for the spring quarter, and it showed a slight rise. But other figures for June contradict the suggestion of a conventional turnaround and recovery.

As the quarter ended, employment and industrial production were falling. Through the spring, the decline was not continuing as rapidly as last fall and winter. But the GNP data do not convey the promise of expansion for which the Reagan administration, and a great many other people, had hoped.

Perhaps it is misleading to speak of a recession. The word has become a habit, and it is a bit dangerous. It brings to mind the kind of business cycle that was repeated six times between World War II and the late 1970s.

Each contraction was followed by a surge of growth that went on, typically, for several years, carrying employment and standards of living well beyond the previous peak.

That pattern changed in early 1979. Since then, the pattern has been a succession of weak waves of growth that crest and break prematurely, barely carrying the economy back to its previous level.

The economy, measured by the GNP, is now at almost the same level of output as it was in late 1979. In the century since the United States became an industrial power,

there has been nothing quite like it. What caused this unhappy change?

As the date testifies, it was well established before Mr. Reagan arrived at the White House, you can safely assume that it had a lot to do with the accelerating inflation, aggravated by the oil crisis of 1979. The issue is not whether the Reagan administration and its idiosyncratic economic theories led the country into zero growth—plainly, they did not—but whether they can lead the country out of it.

At this point, the economy remains caught in the same trap Mr. Reagan found it in, and his policies have made it harder than ever to find a solution. The enormous tax cut enacted 11 months ago has created a disarming prospect of increasingly large budget deficits in the years ahead, and that in turn makes it harder than ever to bring interest rates down.

With interest high, economic recovery and growth remain implausible.

When GNP remains at a constant level, as it has since 1979, that does not mean—unfortunately—that each individual American's income also remains constant. Since the population is growing—albeit, at a little over 1 percent a year—in a stagnant economy, income per capita falls.

Those are the dilemmas the administration's midyear review of the budget and economic strategy, to appear this week, needs to address.

## Remaking of the Species

From THE NEW YORK TIMES

The rapid advance of genetic engineering raises a question fundamental to the nature of man: Should inheritable alterations to the human gene set be permitted? Unfortunately, genetic engineers, resentful of recent public debate of the health hazards of gene-splicing, seem more interested in quietly perfecting their craft than in collaborating in a new inquiry into its consequences.

Biologists have already attempted to repair the genetic defect that caused the blood disease beta-thalassemia by introducing copies of the normal gene into a patient's bone marrow cells. The technique does not yet work, but in time, it or others will. Changing the genes in the ordinary cell of the body presents no special problem because, like any other surgical intervention, the change dies with the patient.

But researchers are already contemplating a more thorough cure for genetic disorders, that of correcting the defective gene in a person's germ-line cells—the eggs or sperm. Repairs of this sort represent an altogether novel change because they would be passed on to the patient's descendants.

On first impression, that sounds like the finest kind of medical advance. It might, for instance, allow eradication within a generation of such scourges as sickle-cell anemia. But consider some possible consequences.

There are a finite number of human genes and therefore a lesser number of genes that are sometimes defective. Maybe a genetic package could be developed containing normal copies of all such genes. What if all children received such a package as routinely as vaccinations, creating a physically perfect population? Might it not be a change for the better? Might it even create a physically perfect population? Might it not be a change for the better? Might it even create a physically perfect population? Might it not be a change for the better?

Theologians may have doubts about making man perfect; should not biologists share them, even if for rather different reasons?

Repairing a defect is one thing, but once that is routine it will become much harder to argue against adding genes that confer desired qualities, like better health, looks or brains. There is no discernible line to be drawn between making inheritable repairs of genetic defects, and improving the species.

The question is not whether but when such genetic change will become possible. There are no evident limits to the powerful tools that molecular biologists now have available. Once the biological machinery is completely understood, we are likely to be able to tinker with it.

At the request of three church groups, the President's Commission for the Study of Ethical Problems is considering the implications of genetic engineering for human existence. It may get little help from biologists; despite having gained all they wanted during the recent discussion of health hazards, they mistrust the public's capacity for rational debate and do not want genetic engineering to again become the focus of attention.

Other government agencies have exhaustively studied the immediate issues, including risk and industrial applications. The commission, if it wishes to make a unique contribution, will look at the longer-term aspects. In particular, the question of whether the human genome should be declared inviolable deserves close attention.

Such a restriction will probably prove unjustifiable. But deliberate manipulation of the human genome will constitute a watershed in history, perhaps even in evolution. It should not be crossed surreptitiously, or before a full debate has allowed the public to reach an informed understanding of where scientists are leading. The remaking of man is worth a little discussion.

## Other Editorial Opinion

### Recessionomics

President Reagan took office promising that prosperity was assured if only the nation applied some rigid rules to economic policy and never looked back.

You would get the same results that he has achieved with the economy if you were to look your car's steering wheel before you headed down a winding mountain road.

Fortunately, the Federal Reserve Board, which has been left to steer the economy pretty much on its own, is slightly less rigid and far more alarmed about the devastating effect of stubbornly high interest rates.

Paul Volcker, chairman of the Federal Reserve, told Congress Tuesday that, while he is not ready to relax the growth of the supply of money, he will not tighten up any further next year.

The Fed obviously has gone beyond that, building bank reserves to allow the interest rate that its member banks charge one another for short-term loans (federal funds rate) to fall. For the first time since December, it has reduced the interest rate that the Federal Reserve itself charges member banks.

Only time will tell, however, whether the Federal Reserve made its moves soon enough or went far enough. The Fed makes its decisions in secret meetings, and chooses careful-

ly among a small ration of words when it talks about itself.

Still, the Federal Reserve's cautious move toward lower interest rates is the one good sign in an economy that is unraveling so fast that businessmen are abandoning the Reagan program in increasing numbers.

Unemployment keeps rising; in the steel industry, one-third of the workforce is idle; a depression by 1993 is under way. Bankruptcies set new records weekly. Sales keep falling, along with new housing starts.

Edward G. Jefferson, chairman of Du Pont Co., thinks the time has come to "address ourselves not to inflation but to recovery." Other businessmen urge cutbacks in defense spending and cancellation of a tax cut scheduled for next July as means of cutting the huge federal deficits that help keep interest rates high.

The White House will hear none of it. A spokesman says that the president has no fallback plan until the present plan takes hold.

If the White House will not budge, Congress must—in step with the Federal Reserve. Nothing that it does will turn the economy around smartly, but it may be able to cut the nation's losses.

—The Los Angeles Times.

## JULY 23: FROM OUR PAGES 75 AND 50 YEARS AGO

### 1907: Korea Under Japan

PARIS — Today's editorial in the Herald reads: "Despite the disturbances following the abdication of the Emperor Yi-Hu, it is fairly certain that the Japanese have the Korean situation well in hand. Street rioting has occurred and both Japanese and Koreans confess to several killed and wounded. No matter how beneficial the change of regime may be for the majority, it must injure some vested interests; the opposition, however, is insignificant, and already shows signs of subsiding. As a matter of fact, Korea has not been an independent state for 300 years, and it is a perversion of fact to represent the latest manifestation of Japan's supremacy as a confiscation of Korea's sovereignty."

### 1932: Disarmament Tangle

GENEVA — Refusing to vote for the resolution that will conclude the first phase of the disarmament conference, Germany declared that it accepts nothing less than immediate recognition of its juridical right to equal treatment with the victors in the world war. Thus, despite the chidings of Great Britain and France, the German delegate, Nafodny, signalled the collapse of the negotiations. "When Germany was disarmed," he said, "we were promised that the allies would reduce their armaments to Germany's level. That was in 1919 and now we are in 1932. Germany has been patient all these years...without receiving one tangible result of disarmament."

## Superpowers Need a Way to Air Grievances

By Flora Lewis

LONDON — At a meeting of the Pugwash Conference where scientists gather to discuss the great danger of nuclear war, the Soviet Ambassador to Canada, Alexander Yakovlev, voiced alarm at the idea of "punishment" in East-West relations. Yakovlev was obviously referring to U.S. economic sanctions.

America's allies see Washington's attempts to block the Soviet-European gas pipeline deal in the same light. They are convinced that Moscow can and will complete the project anyway.

There is widespread doubt that economic sanctions provide effective political leverage in any case. Transfer of sensitive military technology is something else. There is no real disagreement in the West on refusing it.

But the dilemma of punishment remains. It is a human as well as a policy problem.

A deep natural urge exists to express anger and disapproval. It is rational as well as instinctive, since lack of reaction confirms the belief of a miscreant that he has done nothing wrong and that his self-justification is accepted.

That is why every language has curses and dirty words. Something out of the ordinary is needed to show that a form of behavior is judged improper and unacceptable. But dirty words are devalued when they are used excessively. That has happened in East-West relations and to a large extent at the United Nations. Denunciation has so little impact that it no longer is satisfactory punishment.

However, the ultimate punishment has been

ruled out for the world's superpowers. They cannot use violence against each other because the survival of mankind is at stake. Political and economic gestures are the alternatives.

It is important to recall the difference between punishment and coercion. They have been blurred in current U.S. policy, which leads to frustration at home and irritation among friends trying to understand the rationale of American decisions.

Coercion must be effective or it will only be provocation, possibly defiance.

Some U.S. officials believe that increasing economic pressure on the Russians, by denying them the chance to earn hard currency and by continuing the monstrously expensive arms race, will force internal reforms and a more restrained policy abroad. That is certainly an illusion. Even countries like Rhodesia and South Africa could not be brought to heel that way.

The Soviet Union is too vast and self-contained to be budged by pressures that the international community could apply, even if it were united.

Many signs indicate that reforms are being prepared within the Soviet system because its leaders acknowledge the economy is not working.

Authoritative Soviet sources say no decisions have yet been made. They will almost certainly be left to President Leonid Brezhnev's successors.

But it is already clear that the issue inside the Kremlin will be how to change, not whether.



## Why Iran's Revolution Can Only Go So Far

By William Pfaff

PARIS — Iran's has been a secular as well as religious revolution, and that should not be forgotten. The revolution has been reactionary, rather than forward-looking, as revolutions usually are. It wants to recreate an idealized past, not to discover an ideal future. But that may simply confuse the issue. Much of what has been happening in Iran resembles past revolutions.

Iran obviously is not the France of 1789 nor the Russia of 1917. But the revolutionary process is strikingly consistent over the three countries.

Even the attack upon Iraq, after Iraq's foolish invasion, is in the pattern. Revolutionary movements tend to break out of their initial limits and proclaim an international mission — usually in response to a counterrevolutionary change from abroad.

The French revolution burst out of France and all but took over Europe. The campaigns of the revolutionary armies and then of Napoleon were — in the eyes of the French, and of their sympathizers abroad — wars of popular liberation. They succeeded because France's soldiers believed they were changing the world, while the professional armies against them were accustomed to limited, dynastic wars. These were meant to settle disputes between monarchs, and usually were affairs of maneuver and bluff.

Professional armies are expected to recognize when they were in a losing position and to cede the day.

The French revolutionary armies took enemy forces apart. They were not interested in compromise. They had a new world and a new humanity to create. They were like the Iranians today. Any sacrifice could be justified in their cause.

The notion of the nation-in-arms was born with France's revolutionary decree of August, 1793, declaring that young men would fight, married men would work, women would make tents and clothing, children make bandages, and old men will be brought to the public squares to arouse the courage of the soldiers, while preaching the unity of the republic and hatred against kings." Today, the Iranian Army clears enemy mine fields by sending revolutionary guards in a mass charge to paradise.

What happened in France could have been a cautionary lesson to Iraq's President Saddam Hussein. He thought he could exploit Iran's disorders and overthrow the rule of the Ayatollah Khomeini. What he actually did was provoke an alliance of Iranian nationalism with the Islamic revolutionary movement.

The French carried their revolution outside their borders when Austria and Prussia threatened the country in 1792-1793, believing that the French were in such disorder that the revolutionary government could be toppled. Instead, the French united to defend themselves, and proclaimed their willingness to help any people, which was the beginning of the end for absolute monarchy in Europe.

The conservative states made the same mistake about Russia's revolution. First the Germans decided to dictate their own terms to the new revolutionary government, and to seize what they wanted from Russia. Then the British, French, Japanese, and half-heartily the United States, intervened with the aim of keeping Russia in the war against Germany, but also because they came to think that they had a chance (in Winston Churchill's phrase) "to strangle Bolshevism in its cradle."

Their support for the anti-Communist Whites in the civil war simply provoked a patriotic national rallying to the Red government. Former czarist generals joined the Red Army, in the same way that U.S.-trained officers from the Shah of Iran's army now fight for the mullahs' government against Iraq. History repeats itself when people are too stupid, or too arrogant, to learn from what has gone before.

The idea that Iran now threatens the rest of the Islamic world does not, however, follow from the experience of the past. Here the religious limit upon Iran's revolution is no more important than the secular precedents. The Shia sect of Iran is a dissident version of Islamic belief. The conservative Arab states, Sunni, mainstream Moslems. Only Iraq, Yemen, Pakistan, and Oman have important Shiite communities.

Arabs, moreover, historically have been hostile to the Persians. They, like the Iranians, suffer the crisis of modernization, but the differences between Iran and the Arab states were great before Iran's upheaval.

Classical pre-revolutionary conditions existed in Iran under the shah: The country was in rapid and disruptive social change; popular expectations had been created that could not be gratified; nearly everywhere there was intrusive and morally upsetting foreign influence; and the ruling groves and the monarchy had lost touch with the middle classes who, alienated, threw their support behind the popular movement which had been launched by the mullahs.

Some of the same conditions exist elsewhere. But that does not mean Iran is in a position to touch off revolutions in other countries. The general rule is that people make their own revolutions. Neither French nor Russian revolutionaries succeeded in leading revolutions in other countries. They changed the way people in their time thought; they launched new ideas and new political institutions; afterwards, things never were the same.

But the initial practical result of the revolutions in France and Russia was to provoke hostile conservative coalitions in the neighboring countries, which felt themselves menaced. That is the outlook in the Middle East today. The Western powers would do well to let this develop spontaneously. The fact that Iran is a Shiite nation puts a natural limit on Iran's revolutionary expansion.

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## Vulnerable On Trade? So What?

By Philip Ceylan

WASHINGTON — For a nice, clear-cut example of how statistics, scholarly analysis, good public relations and the shorthand of front-page headlines can sometimes conspire to confound constructive public discourse on red-hot issues of foreign policy, consider The Case of the Mis-valued Ruble.

First the headlines of Tuesday last week: "U.S. Says Rise in Trade by Soviet Makes Moscow More Vulnerable to Sanctions," said the New York Times. "Soviet Held Dependent on Imports," said the Washington Post. "Moscow Vulnerable to Trade Sanctions, Study Indicates," said the Washington Post.

Interesting, and timely, coming in the middle of a raucous quarrel between the Reagan administration and its industrial allies over the efficacy of economic sanctions as a domestic weapon against Moscow. But the more than a little misleading, if not the aim was to reinforce the administration's efforts to sock it to the Russians by barring U.S. equipment or technology for the Siberia-to-Europe natural gas pipeline.

To begin with, the "U.S." really did not say anything. The Census Bureau, an arm of the Commerce Department, extracted a couple of chapters from a 200-page study of Soviet trade produced for its Foreign Economic Analysis Division by a Washington expert, Barry Kotinsky, and a consultant, Dr. Vladimir Trenin, professor at Duke University. Unknown to his boss, Commerce Secretary Malcolm Baldrige, who had not seen the study, the bureau's director, Bruce Chapman, called a press conference to discuss the extracts.

They were not intended for a general audience, as you may deduce from the title of the full work: "The Domestic Value of Soviet Foreign Trade: Exports and Imports in the 1972 Input-Output Tables." But the case the authors make can be simply stated. With the help of a recent report they found what they consider to be a more reliable measure of the importance of international trade to the Soviet gross national product, based on a better valuation of the ruble in terms of domestic prices.

From this Kotinsky and Trenin conclude that "the Soviet Union's participation in world trade relative to its national income is in fact two or three times higher than has been recognized by other researchers."

The importance of the Soviet Union's growing dependence on "imports" and the "growing importance" of foreign markets for Soviet goods "cannot be overemphasized," the authors declare.

But nowhere do they emphasize in terms of a presumed increased vulnerability to economic sanctions. Still less is any connection made with the issue of whether economic sanctions are even an effective form of pressure — although Trenin is a Sovietologist known among his colleagues as an extreme hard-liner.

That connection was made by Chapman. "The new analysis shows that the Soviet Union is more open to the influences of international market forces than many people have believed," he said. "That in turn suggests that Soviet vulnerability to economic sanctions than has been understood up to now."

The question is whether the point the study makes about increased Soviet dependence on international trade translates, in practice, into anything more than a theoretical increase in Soviet vulnerability to sanctions. Experts I have talked to have their doubts. More than half of this increased Soviet trade is with the Communist bloc. Not much likelihood of sanctions there. Ditto for the Third World, a big Soviet trading partner. And ditto, redoubled, for Western Europe, which accounts for much of the rest of Soviet trade.

And America, which favors sanctions on just about anything but American goods, has little else to play around with. U.S. trade with the Soviet Union, even by the Kotinsky-Trenin new math, is modest.

We are left with a suggestion, now widely circulated, that the Russians, in a strictly technical sense, are more vulnerable to international economic sanctions. But we are also left, in practical terms, with the unanswered question: So what?

The Washington Post.

## LETTERS TO THE EDITOR

### No Luster

Regarding "Israelis Have Lost a Luster" (Herald, June 23):

Richard Cohen is indeed naive if he has ever supposed that Israel would be "the place where truth was told, where idealism thrived." Has he never read Herzl and the other philosophers of Zionism?

We, in this part of the world know better. We have been subjected to the Zionist deceit, hypocrisy, lies, and sadistic behavior long enough.

We have witnessed four wars, all provoked by Zionist ideologies embodied in Israel's policies.

We have seen how they treat the non-Jews and have come to be fully aware that they will not stop short of their dream empire from the Nile to the Euphrates.

LOY AJAN, Doha, Qatar.

### Bilked and Milked

Regarding "But Who Really Needs Super Cow" (Herald, July 13):

One can sympathize with Daniel Greenberg's view that technological "progress" does not always lead to an improvement in the quality of life, but his argument against investments in the improvement of agricultural productivity is seriously awry. Far from blaming surplus on such innovations as the "super cow," he should place the blame on the sacred cows of the price-support programs, which pay farmers to produce commodities which cannot be sold at an inflated government-controlled price.

### Soviet Trade Weighed

Regarding "U.S. Reports Vulnerability of Soviet Union to International Market Forces" and "Tass Calls U.S. Study a Lie" (Herald, July 14, 15):

Like every country, the Soviet Union also needs the free flow of goods into and out of the country. But this need must not be exaggerated.

During 65 years, Soviet trade was boycotted almost entirely by the West. On the one side, this retarded Russia's development, on the other it was forced to develop its economy with the utmost velocity from the scratch to the second mildest of the world. It is unusual that the Americans want to harm the Soviet Union through trade, thereby harming themselves, too.

Tass calls the U.S. Commerce Department's study about growing Soviet dependence on trade a lie, saying

that the dramatic imbalance of the Washington report is a figment of imagination. According to the World Bank the value of the Soviet imports from the industrialized capitalist countries was less than 2 percent of the Soviet gross national product in 1980. Therefore even if Soviet trade statistics underestimate the value of imports, the ratio would still remain infinitesimal, and would not destabilize Soviet economy.

ROBERT MAJOR, Vienna.

### Dreaming On

Regarding "American Dreams" (Herald, July 10):

Whenever I see an article, essay or report on research about dreams I become irritated to read that psychologists, psychiatrists and other wise men, after reading journals, may get an "insightful" picture. In reality, they may be the best-adjusted, most alive, but maybe this pillow is too high or too low.

REINATE FUCHS, Villars-Ollon, Switzerland.



# Secrets Will Shake CIA If He Is Put on Trial, Indicted Ex-Agent Says

By Al Kamen  
Washington Post Service

WASHINGTON — A lawyer for Edwin P. Wilson, the former CIA agent who has been accused of supplying explosives and terrorist training to Libya, says that if the case goes to trial Mr. Wilson will reveal information that will "shake the CIA to its foundations and perhaps even the government."

The lawyer, Herald Price Fahringer, made the comments to reporters Wednesday after Judge John Lewis Smith Jr. of U.S. District Court turned down Mr. Wilson's request that his \$20-million bail be reduced. Mr. Fahringer said he would appeal the ruling.

He said the information Mr. Wilson would reveal at any trial "reaches up into some pretty high places" and was related to work he did with the CIA after he formally retired from the agency in 1971 and left the top-secret U.S. Navy Task Force 157 in 1976.

Mr. Wilson began working under contract with the Libyan government shortly after he left the task force. The CIA has repeatedly denied that the agency was connected with or sanctioned his activities in Libya.

In the 90-minute hearing Wednesday, Mr. Fahringer told Judge Smith that the case presents questions of "grave national importance" that refer to situations in which the government might decide to halt prosecution of a defendant rather than have intelligence information revealed.

Mr. Fahringer said that one item of information that Mr. Wilson had supplied to the government was the name of a Midwest company that had been selling spare airplane parts and equipment to Libya. That company, according to sources familiar with the information, is an Illinois firm called Tencom.

A federal grand jury in Chicago indicted Tencom on Wednesday on charges of conspiring to ship aircraft parts to Libya without proper licenses.

An assistant U.S. attorney, Carol E. Bruce, asked Judge Smith to order Mr. Wilson held without bond, saying that he could secure bail by "a check for \$20 million." He also said that he was "accused of having made to kill the chief prosecutor in the case, E. Lawrence Barrella Jr."

In court papers, the prosecution confirmed that Mr. Wilson, who was indicted Monday by a federal grand jury in Houston on charges of shipping 20 tons of explosives to Libya in 1977, was also under investigation in Colorado in the attempted assassination of a Libyan dissident in 1980.

The prosecutors also confirmed that he was being investigated by a federal grand jury in Alexandria, Va., on accusations that he corrupted public officials. Sources familiar with that investigation have

said that the officials include present and former members of U.S. intelligence agencies.

## Conspiracy With Libya Alleged

CHICAGO (LAT) — A federal grand jury has accused the operation of a small aircraft supply company of conspiring with a Libyan Air Force colonel to sell nearly \$14 million in restricted military aircraft parts to Libya last year.

According to a 30-count indictment, the Tencom Corp. of Northbrook, a Chicago suburb, made 60 unlicensed shipments of parts for the C-130 Hercules, a military cargo plane, and for the Chinook CH-47 helicopter. In return, the indictment alleges, Libya paid \$13.8 million through its military procurement office.

Court records show that transactions involving aircraft parts were made between Tencom and Libya from November, 1980, to September, 1981, and that Tencom began stockpiling C-130 parts at O'Hare International Airport in Chicago last August, soon after U.S. fighters shot down two Libyan jet fighters over the Mediterranean Sea.

However, those parts, valued at \$2.3 million, were seized by U.S. Customs agents at O'Hare in September. Court documents said the Tencom shipment was labeled as nonmilitary merchandise destined for West Germany.

# B.P. Koirala, of Nepal, Dies at 67; Led Opposition, Was First Premier

Compiled by Our Staff From Dispatches

KATMANDU, Nepal — B.P. Koirala, 67, Nepal's first elected prime minister and main opposition leader, died Wednesday, shortly after returning from Bangkok, where he had been treated for lung cancer and other ailments, his family said.

Although he was its strongest opponent, the government had awarded the politician \$15,000 to help pay for his treatment. More than 1,000 supporters greeted him on his return to the Nepalese capital.

Biswaswar Prasad Koirala was born to middle class Nepalese parents in Banaras, India. He received degrees of bachelor of arts from Banaras Hindu University and bachelor of law from Calcutta University. He joined the Communist Party of India in the early 1930s but switched a few years later to the Socialist Party of India. He participated in the "Quit India" movement against the British colonial government and was arrested and detained in 1943 for two years.

Following independence for the countries of the subcontinent, Mr. Koirala waged a 10-year political and military struggle for power in Nepal. Tall and elegant, he was elected the kingdom's first prime minister in 1959 but served only until December, 1960, when King Mahendra dissolved the fledgling government and banned political parties.

King Mahendra, the father of the present ruler, King Birendra, charged Mr. Koirala with corruption and confined him to prison for eight years. After his release in 1968, he went into self-imposed exile in India, where he waged an armed struggle in attempt to restore political parties in Nepal.

He returned home in December, 1976, but was arrested soon after his arrival and reportedly sentenced to death at a secret trial. Publicly, he was charged with treason, sedition and the charges were dismissed by a regular court.

His attempts to restore parties suffered a severe blow in May, 1980, when Nepalese voters to retain the partyless system. The vote was in a referendum called by King Birendra.

After the vote went against him, he refused to take part in the general elections held last year for the first time in 22 years, denouncing them as undemocratic.

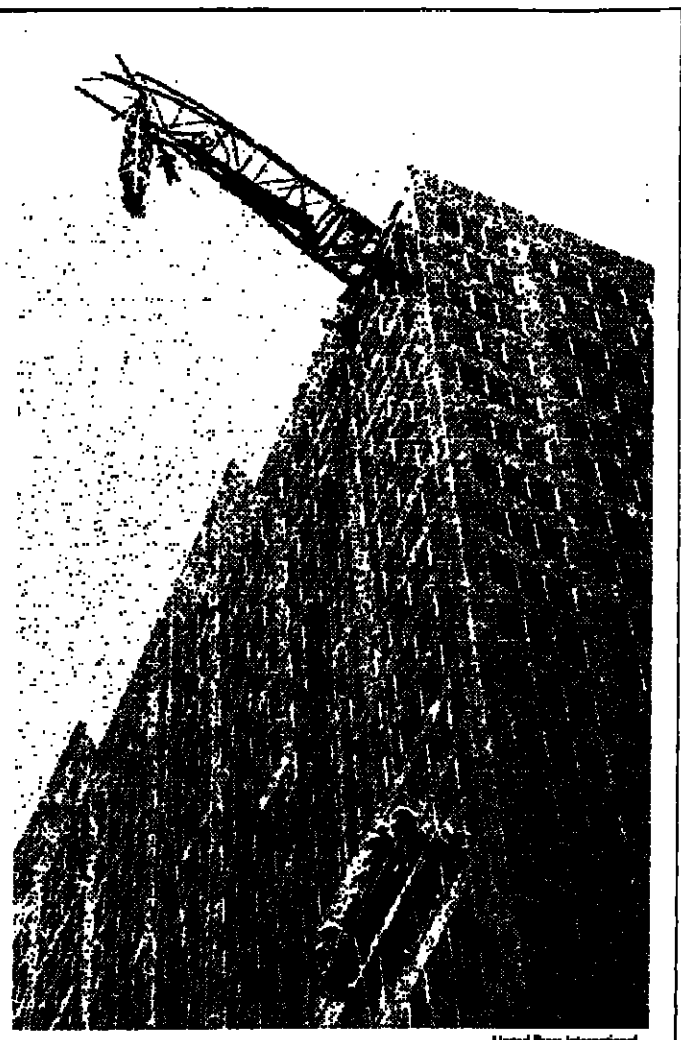
## Dave Garraway

Compiled by Our Staff From Dispatches

PHILADELPHIA — Dave Garraway, 69, who was the first host of television's Today program, was found dead Wednesday in his Swarthmore, Pa., home.

The police said he had apparently killed himself with a shotgun. He had suffered from heart problems for years and recently had undergone open heart surgery.

Starting in 1952 just as Ameri-



CRANE ACCIDENT — A worker hung from an unfinished skyscraper in Manhattan, trying to secure it. Part of the crane's boom had fallen over, knocking debris onto Madison Avenue, 44 floors below. One pedestrian was killed and 16 were hurt.

# FBI Aide Defends Use of Abscam Informants

By Mary Thornton  
Washington Post Service

WASHINGTON — The FBI relied on convicted confidence men and swindlers to lead it to corrupt politicians in the Abscam investigation even though some of those informants and middlemen had proved unreliable in the past, an FBI official has acknowledged.

But the official, Francis M. Mullen Jr., executive assistant director of the FBI, assured a Senate committee Wednesday that the information generally proved reliable and that he believed the value of the Abscam investigation outweighed the problems.

"The Abscam operation presented the FBI with unprecedented leads into ongoing public corruption," Mr. Mullen said. "If we had not gone forward with this investigation, if we had not followed our leads to their logical conclusions, the FBI would not have fulfilled its obligation to our nation."

The committee heard testimony from Mr. Mullen as it began the

second day of hearings into the methods used by the FBI in the investigation that led to the convictions of seven members of Congress and a number of local officials who accepted bribes from FBI agents posing as representatives of wealthy Arab sheikhs.

James Neal, committee counsel, questioned Mr. Mullen intensely about the bureau's use of Melvin Weinberg, a convicted confidence man, as a central figure in the investigation.

"Here's a man who's had 25 years as a convict," said Mr. Neal, who was the chief Watergate trial lawyer eight years ago. He added: "Here's a man you could not control."

Mr. Neal established during questioning that the FBI had used Mr. Weinberg as an informant until the mid-1970s, when he was dropped after the bureau learned he was conducting an independent confidence game on the side.

"You need a Mel Weinberg to start one of these operations," Mr.

Mullen responded. "You need the instant credibility."

He continued: "We do it all the time. We control them as best we can. We're aware going into it that they're not Boy Scouts. It's a difficult issue, but it's something we must do if we're going to succeed."

He added that because of Mr. Weinberg's background, he "was probably supervised more extensively during the course of the Abscam investigation than any other cooperating witness in the history of the FBI's undercover program."

Mr. Mullen said Mr. Weinberg received \$250,000 from the FBI during the three-year Abscam investigation. That revelation led Mr. Neal to question whether Mr. Weinberg provided information just to generate more income.

"I can state unequivocally there was no targeting of public officials," Mr. Mullen said. "There was no mention of any elected public official's name by the FBI undercover operatives prior to that

name being raised by one of the corrupt influence peddlers."

Mr. Mullen was questioned about the authorization of bribe offers merely on the word of the middlemen, even if there were no other indication the politician might be predisposed to accept a bribe. In many cases the middlemen named numerous congressmen who were eliminated as suspects later in the process.

A well-publicized case was that of Sen. Larry Pressler, a South Dakota Republican who was contacted to be offered a bribe. When it became clear that Sen. Pressler did not know what was happening, the agents terminated the meeting without making the offer.

But Sen. Warren B. Rudman, Republican of New Hampshire and a member of the committee, said Wednesday: "Senator Pressler will carry this for life. It's almost like someone exposed to radiation."

"In his mind, he was tainted," he said.

# Smith Inquiries Ended By Justice Department

By Charles R. Babcock  
and Bob Woodward  
Washington Post Service

WASHINGTON — The Justice Department has announced that it has closed two investigations into Attorney General William French Smith's personal finances and that no special prosecutor will be appointed to investigate Mr. Smith's acceptance of a \$50,000 severance fee from a California firm.

But in a second matter, the department's Office of Professional Responsibility issued an unusual criticism of a sitting attorney general. It said Mr. Smith had violated the department's conflict-of-interest rules through an investment in a tax shelter that would have given him \$4 in tax write-offs for each \$1 of his first-year investment.

Soon after questions about Mr. Smith's personal finances became public in May, he returned the \$50,000 and said he would not take tax deductions greater than his actual cash investments. But the investigations continued in an attempt to determine whether there had been violations of the law or conflict-of-interest rules.

Mr. Smith's spokesman issued a brief statement Wednesday saying the attorney general is pleased with the decision to end the investigations.

As recently as last week, Mr. Smith vigorously defended his tax shelter investment and severance fee, saying he gave up financial benefits only to head off efforts by Sen. Edward M. Kennedy, Democrat of Massachusetts, to turn the matter into a political issue. Mr.

Kennedy had criticized the tax shelter as "a clear case of the rich."

Despite its criticism, the department's Office of Professional Responsibility, the internal ethics investigators for the Justice Department, said no further action was required on the tax shelter, Yale-Quay Energy Partners, because the attorney general had limited his deductions.

Department rules prohibit officials or employees from making investments "which are reasonably likely to create any conflict of interest or proper discharge of his official duties."

The four-page statement, dated Monday, was signed by Michael E. Shaheen Jr., the head of the Office of Professional Responsibility.

Mr. Smith initially invested \$16,500 to get a \$66,000 tax deduction eight months ago. He did so despite a warning that the Internal Revenue Service had, in 1980, through Revenue Ruling 80-70, "objected to the very method employed by Yale-Quay to calculate tax benefits," according to Wednesday's statement.

The statement noted that the attorney general's duties include supervising the Tax Division, which represents the IRS in federal court. This created a conflict between the private investment and the IRS position, and the statement said, "By electing to go forward with the investment despite the ruling, the attorney general breached the standards of conduct provision."

The Justice Department's announcement that the investigations had been concluded was made by



William French Smith

Solicitor General Rex E. Lee, the department's fourth senior official.

Mr. Lee called the conflict-of-interest finding against Mr. Smith a "technical violation" and said it was not clear to him that the regulation applied to the facts of the case. He added, "There is no need to resolve that narrow legal issue because in any event I agree with the Office of Professional Responsibility that no further action need be taken, and the case should be closed."

Mr. Lee said an FBI inquiry found that the \$50,000 severance fee Mr. Smith accepted from the Earle M. Jorgensen Co. in January, 1981, was intended as compensation for his past services to the company, not to supplement his government salary.

# Ethnic Albanians Sentenced to Jail By Yugoslav Court

The Associated Press

BELGRADE — A Yugoslav court in the southern province of Kosovo sentenced eight ethnic Albanian intellectuals to from two to 11 years in jail on Thursday for anti-state activity, the Tanjug news agency reported.

The court, in Kosovo's capital of Pristina, also sentenced a ninth man to six months in jail for failing to report the activities of the eight.

The defendants were convicted of "associating in order to carry out counterrevolutionary activity against the social system of Yugoslavia." Specifically, they were accused of seeking more autonomy for ethnic Albanians in Kosovo, Albanians make up 77 percent of the Kosovo population. During the trial, they denied the charges.

The latest trial brought to 43 the number of persons sentenced for anti-state activity in Kosovo in two weeks.

Tanjung reported later that 10 members of a group called the Communist Party Albanian Marxists and Leninists in Yugoslavia went on trial Thursday in Pristina on charges of working for Kosovo's secession from Yugoslavia and its union with neighboring Albania.

## Forecast for French Wine

The Associated Press

PARIS — The French wine harvest this fall should be 30 percent greater than last year, the Agriculture Ministry said Wednesday. It forecast the yield at 75 million to 76 million hectoliters.

# Vildoso Sworn In As Bolivian Chief

The Associated Press

LA PAZ — Gen. Guido Vildoso Calderón, the army chief of staff, was sworn in as president here Wednesday in a ceremony delayed nine hours. A presidential side said the ceremony was postponed because some Cabinet ministers were late, but military sources said the delay was caused by feuding among the joint chiefs of staff.

In an inaugural statement to the presidential palace, Gen. Vildoso Calderón, 51, called for national support. He said the economy, being back full democracy, defense, education and restore faith in the "fatherland." He promised to turn over power to "the people's choice" for president on Aug. 6, 1983.

Seven political parties issued a joint statement critical of Gen. Vildoso Calderón's designation by the military junta that took power peacefully Monday from Gen. Celso Torrelio Villa. And the Bolivian Workers Central, a powerful union confederation, staged an hour-long work stoppage. "We protest the unilateral decision by the military to decide the country's destiny,"

## Turkey, Greece Set Talks

Reuters

ANKARA — The foreign ministers of Turkey and Greece will meet in Ottawa on Oct. 2 in an effort to ease tensions between the two countries. The Turkish Foreign Ministry announced Thursday. The two countries have been at odds over boundaries in the Aegean Sea and over Cyprus.

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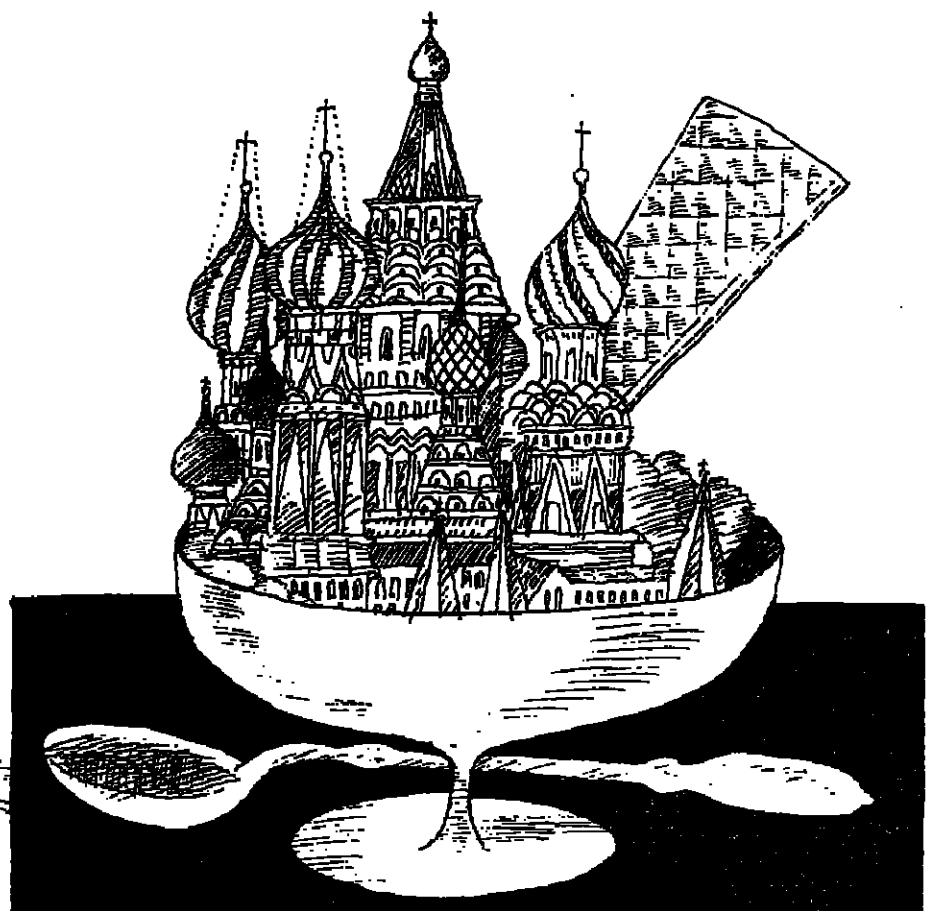
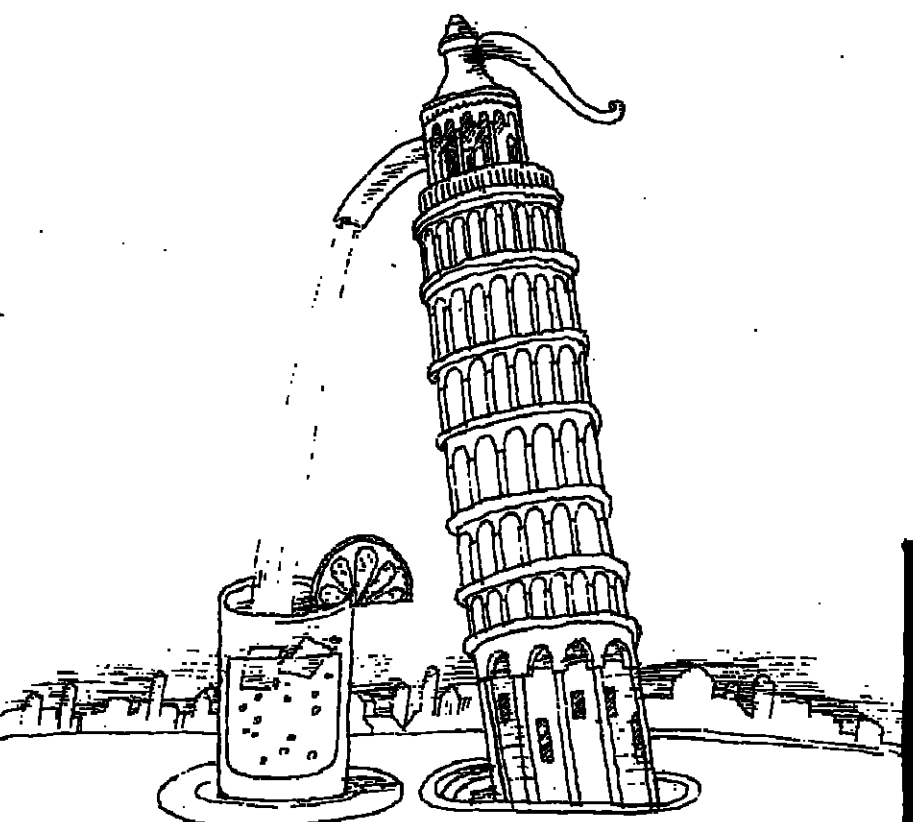
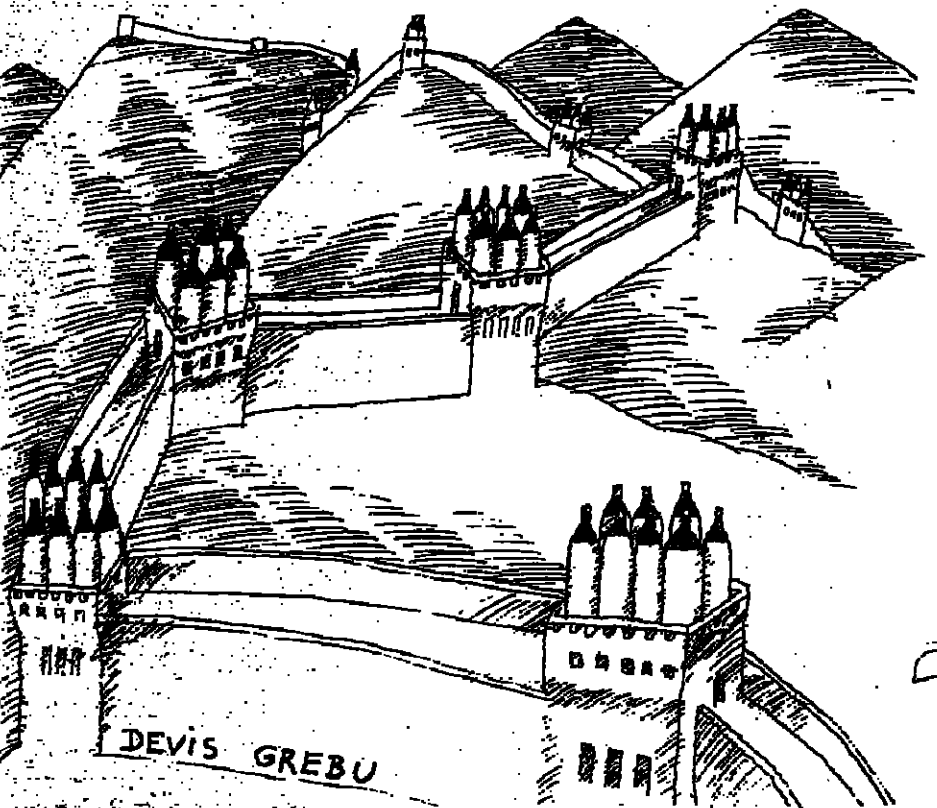
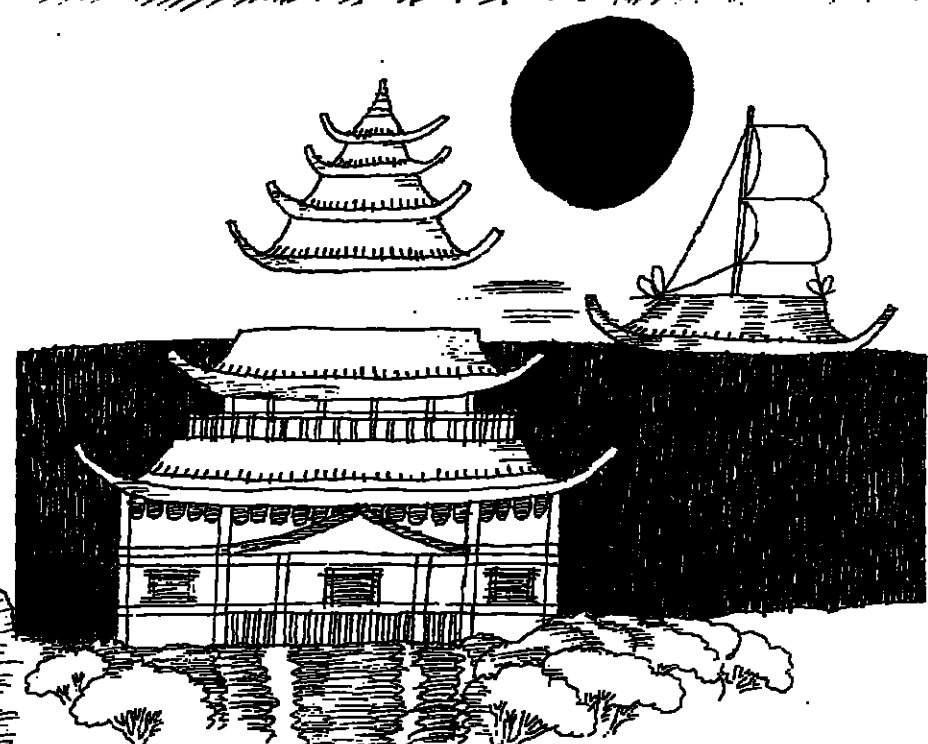
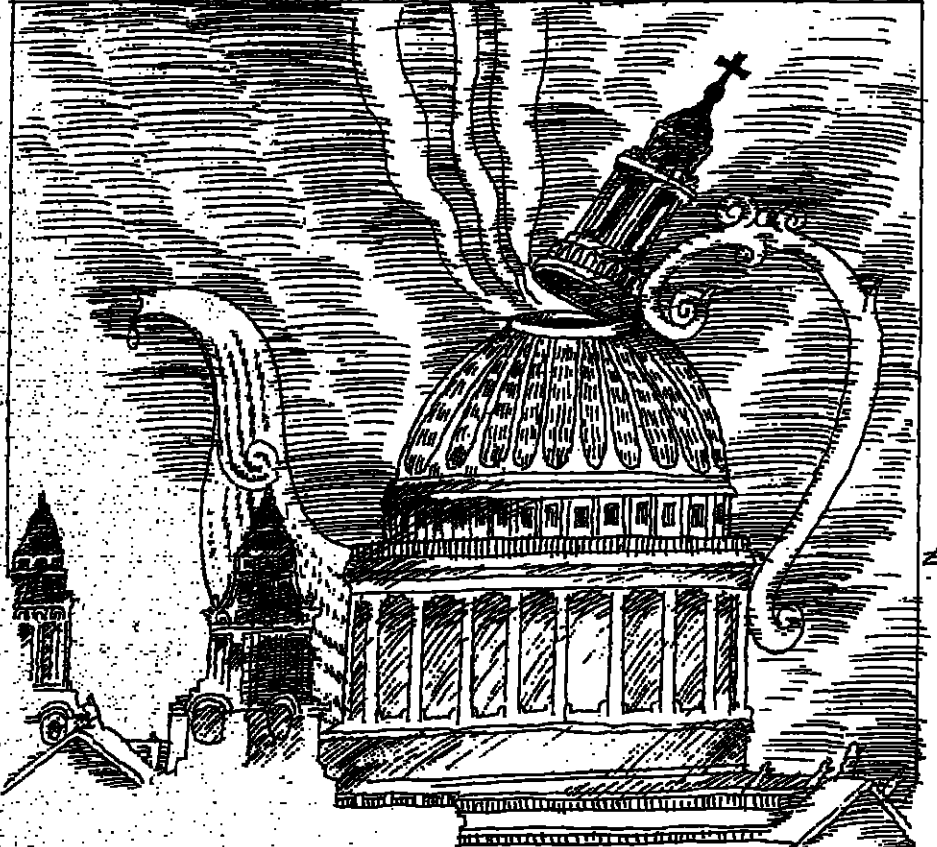
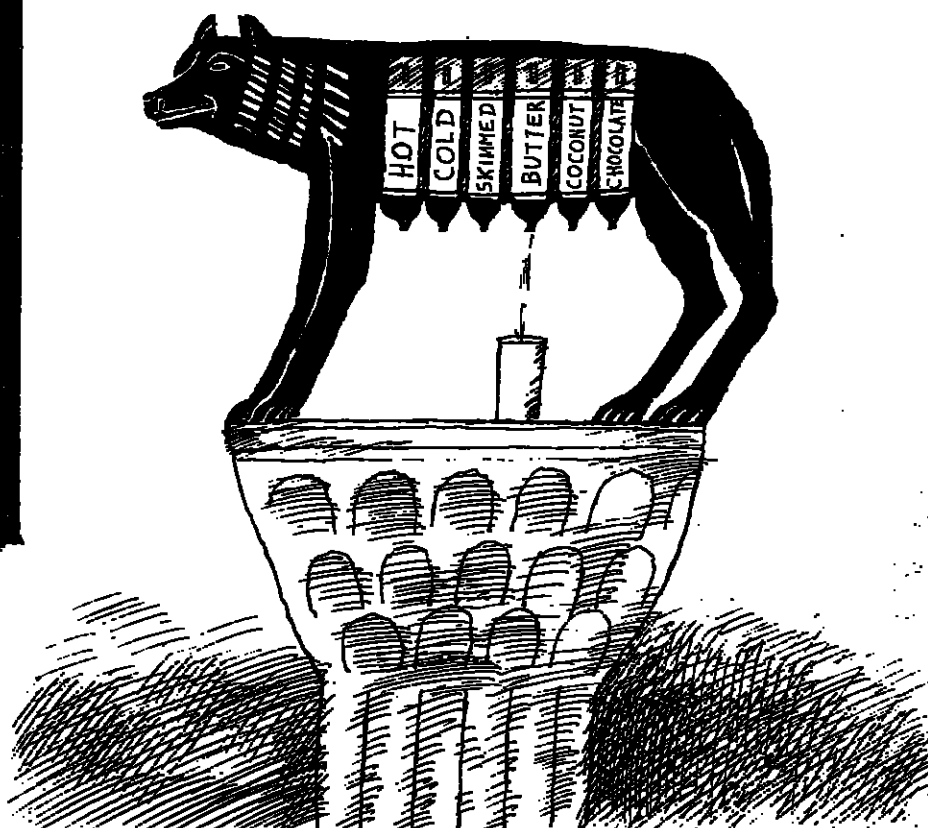
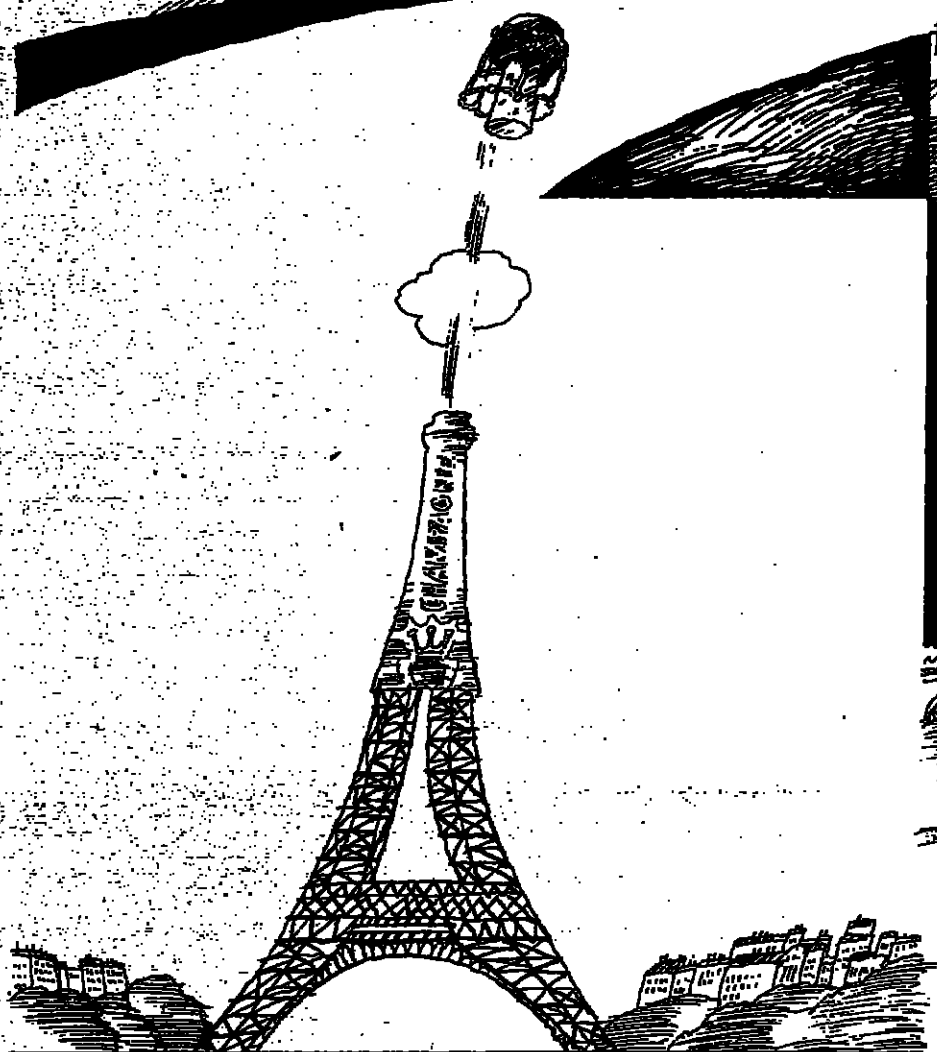
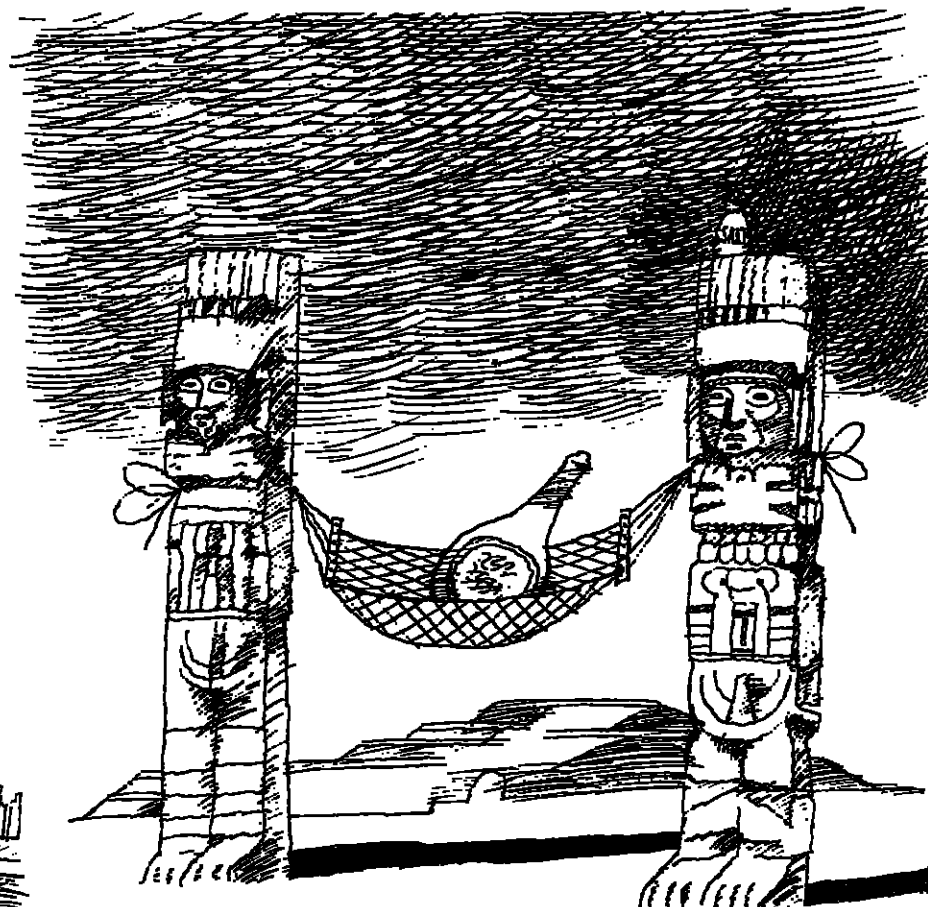






**July 23, 1982**

1981	49.5	1.16
1981	43.4	1.16
1981	44.5	2.36
1981	40.0	2.36





## TRAVEL

# The Cyclades: Bliss For Byron, Bliss Now

by John Russell

WHEN Lord Byron wanted to sum up the magic of Greece he spoke of someone as "spellbound within the clustering Cyclades" and everyone knew what he meant. The Cyclades were bliss in Byron's day, and they are bliss today. They look nice, they can never be quite spoiled, and if you're not too particular about food, you'll have a wonderful time.

People have always been crazy about the Cyclades. Even the tinkle of the name puts them in a good humor. (How lucky that it rhymes with chickadees and not with Everglades!) When Venetian sea captains roamed the Aegean and made their fortunes there it was the dream of the more successful among them that they would end up with a big tall townhouse in the Cyclades. (Lots of them did, too — on Patmos, in particular.)

Nation after nation has coveted the Cyclades. Quite apart from the Venetians, there have been Persians, Romans, Goths and Saracens. Italians prowled around within living memory. Not all of the islands look like much from the sea, but once on shore there's no knowing what recondite treasures may not have been found. Fuller's earth and valonia are two that come to mind from the 19th century. As for the marble that was cut from the quarries of Paros, it seemed for a time as if there wasn't a floor that could be laid flat without it.

The Cyclades were full of fun legends too. The story of how Ariadne was abandoned on Naxos by Theseus and eventually got herself rescued by Bacchus is one that poets, painters and composers have always been in love with. No island that has been celebrated by Callimachus and Titian and Richard Strauss can be all bad. Communication problems prevented both Callimachus and Titian from being awarded the freedom of Naxos, by the way, but Richard Strauss didn't miss out, and to the day of his death he kept the framed document in his house in the Bavarian Alps, along with his huge collection of ceramic beer mugs, and loved to present himself to his visitors as a freeman of Naxos's island.

It has always helped that the Cyclades are small. People look for them on the map, and what are they? A tumble of tiny specks, scattered, somewhere to the southeast of Athens and not far in several cases from the coast of Turkey. In the early years of this century there was a generation of enthusiasts that pored over the British Admiralty charts, got out their magnifying glasses, worked out just how small those islands were and all but wet. What were the Cyclades but a toy world, set in a sapphire sea and warmed (as Oscar Wilde once said) by a sky that burned like a heated opal through the air? How could anyone resist them?

The Cyclades stood for continuity. It might be several generations since Byron had died at Missolonghi, but in the Cyclades the pace, the

style and the conditions of life had changed hardly at all. Our philhellenes never tired of telling one another how still — to quote one of their leaders, Sir Rennell Rodd — "from the little island ports, home-built and freighted with simple wares, the merry Grecian coaster comes." Life on that coaster may not have been so merry when the winds threatened to turn the ship inside out, but that was discounted by the dear old boys as they sat round the fire at the Athenaeum Club in London, or in its near-namesake in Boston, and plotted the next year's Cycladic tour.

Even when the British cruise ships first penetrated the Cyclades in the 1920s and 1930s the islands were still totally uncorrupted. You could walk for hours on Delos and have the archaic marble lions to yourself. Patmos seemed hardly more populated than it was in the first century A.D., when St. John the Apostle settled down in exile to write the Book of Revelations. As for Mykonos, it was a bone-white marvel and one rarely disturbed.

Nor did the members of the Hellenic Travelers Club do much disturbing. They were made up in roughly equal proportions of Anglican clergymen, academics, public servants and forward children. At sea, they read all day and went to learned lectures every evening. Theirs was not the stuff of debauchery. But when once on Greek soil our senior holy man could sometimes be prevailed upon to stand before us in the nearest amphitheater and chant one of Byron's more celebrated strophes:

*The Isles of Greece, the Isles of Greece!  
Where burning Sappho loved and sung,  
Where grew the arts of war and peace,  
Where Delos rose, and Phoebus sprung!*

It was heady stuff, of course. The famous lines went with a swing that made us eager to ransack the orchards of Leroc, taste the butter and the honey of Simi, pick the wild flowers on Astipaleia, shake the quince trees of Karpathos and quiz the goats and the chickens on Kasos. As for the white wine from Samos with which Antony toasted Cleopatra (and vice versa) we felt that it could only have improved with the years. Above all, we marveled that islands could be so different, each from the other and we resented it very much that the ship couldn't stop at all of them.

And it is that same incapacity to stop at all of them that has saved the Cyclades from total destruction. Time is too short, harbors are too shallow, tastes vary too widely. What spells bliss to one passenger spells boredom to another. Besides, it has got around that people from cruise ships don't get to see anything much. It is almost as true now as it was in Byron's day that the best way to see the Cyclades is from your own little boat and on your own two feet. There are other ways, but they don't give as much.

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# Touring Greece When Your Ship Comes In

by Michael Skapinker

ATHENS — To lunch on fresh fish on the deck of a private yacht after a swim in a secluded Greek cove is the kind of activity usually associated with bronzed shipping heirs. Which, to Lambros Kanakakis, is a great pity.

Kanakakis, who spends much of the summer introducing ordinary tourists to the delights available to those who charter his 44-foot yacht, insists that it is cheaper to travel with him than to stay in one of Greece's luxury hotels, travel on package trips to the islands and pay for meals in restaurants.

And, he says, chartering a yacht eliminates the problems of finding a first-class hotel during the crowded Greek tourist season, of squeezing up for package boat and bus trips and of squeezing into a restaurant already packed with fellow tourists.

"I can take you to Aegina," says Kanakakis, referring to an island that is a short ferry ride from Athens. "The most common, the most crowded island. And yet with the boat we can still find something, a place that makes you feel you are at the end of the world, even



Ships off the island of Skopelos.

though you are only half an hour out of Athens.

Most reputable yacht chartering companies in Greece are registered with the National Tourist Organization, which checks that they

meet safety and licensing standards. The list of yacht brokers is available at all ports of entry to Greece, or from the National Tourist Organization's offices in Greece, Europe and the United States. Michael Ghiolman, president of the Greek Yacht Brokers and Consultants Association and owner of Ghiolman Greek Holidays, recommends booking at least two months in advance, although Kanakakis says that it is sometimes possible to find yachts at the last minute.

The best months for sailing, they say, are May, June, early July, September and October — the hot *meltemi* wind comes up in July and August. The windy months are not totally excluded for sailing; since the *meltemi* blows from early morning until late afternoon, it is possible to navigate at night.

Three kinds of charter are offered. A "bare boat charter," which the customers crew themselves, is possible only if a charterer holds a skipper's license or a certificate from a recognized yacht club or government authority, vouching for his qualifications. It is possible, however, to hire a professional skipper for a bare boat charter, adding \$60 a day to the cost of the charter.

Bare boat charters are usually for sailing yachts. These carry a party between 4 and 8, although they can go up to 10 or 12. On all charters, the customers make up their own parties. Bare boats are the cheapest form of yacht chartering, starting as low as \$25 a person a day.

It is also possible to charter a sailing yacht with a crew of between one and five. The crew takes care of the sailing and navigation, suggests routes and buys and cooks food. These charters start from \$30 a day a person and go up to \$100 a day.

Apart from the sailing yacht charters, it is more common to charter crewed motor yachts or motor sailers — vessels that can be powered either by wind or by motor. Parties for these range from 4 to 14.

How does the claim that chartering is cheaper than staying in a luxury hotel stand up to examination?

Comparison is hampered by the wide range of yacht chartering prices, but to take an ex-

ample, a 59-foot yacht from Ghiolman Greek Holidays, the Morning Cloud, carrying 10 passengers and 3 crewmen, costs \$750 a day, or \$75 a customer. Added to this is the cost of fuel — depending on cruising time each day, this would probably work out to \$60 a day, and the cost of food, which, bought in port markets, would total about \$25 a person. The result is an individual bill of \$106 a day.

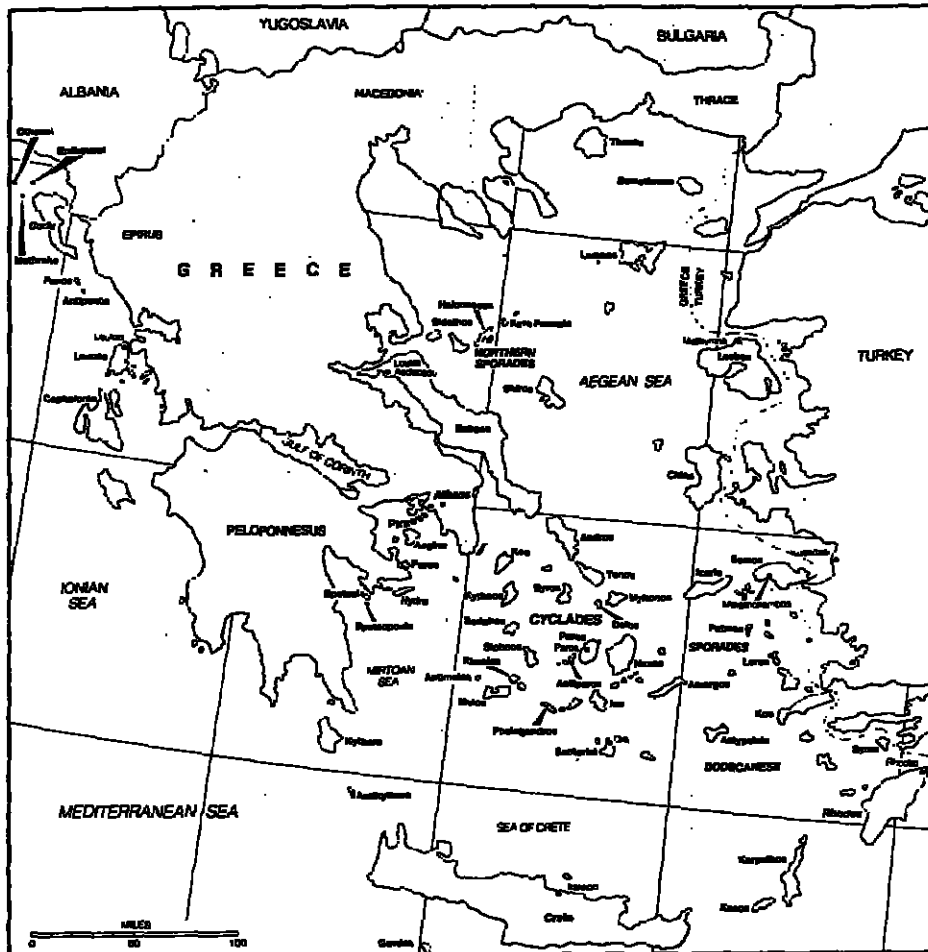
On the more costly end of the scale, Ghiolman's 82-foot motor yacht Drossia carries 6 persons for a total of \$1,200 a day, or \$200 a day each. Additional fuel and food costs would probably reach \$45 a day, making an individual bill of \$245 a day.

To take Athens' luxury hotels as a point of comparison, most double rooms rent for about \$70 a night with breakfast. Two meals in a Greek restaurant would probably add \$22 a day a person. This sum of \$57 a day each does not include the cost of traveling from a hotel base. Cruises to the islands lying close to Athens cost an additional \$30 a person. A day spent cruising while based in Athens would therefore cost about \$87 a person, or approximately the same as one of the cheaper yacht charters.

Of the total cost of the charter, 50 percent is paid at the time of booking, although this could be less if the booking is made long in advance. The balance is paid at departure.

The route to be taken is for the customer to decide, although yacht brokers willingly make suggestions. A cruise of two, three or four days would usually concentrate on the islands close to Athens, such as Hydra, Aegina and Poros. Longer trips could involve tours of the Cyclades or of the Sporades, Ionian or Dodecanese islands.

A list of Greek yacht brokers is obtainable from the National Tourist Organization of Greece, 2 Amerikis Street, Athens, tel: 322.31.11-9; the Hellenic Professional Yacht Owners' Association, 43 Pireas Street, Marina Zeas, Piraeus, tel: 452.63.35; the Greek Yacht Brokers and Consultants Association, 36 Alkionis Street, Paleon Faliron, tel: 981.63.82 or 982.71.07.



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# The World's Fare: Mezes

by Paul Anastasi

ATHENS — Vine leaves stuffed with rice and herbs, octopus in lemon, zucchini fried in butter, fish roe, eggplant salad, garlic in yogurt, grilled squid, stuffed mussels, spinach pies, fried peppers — and that's just for starters.

The range and variety of Greek *mezes*, translated simply as appetizers, offer a meal in themselves. Their divergent forms, flavors and variations contradict the conventional tourist wisdom that Greek cuisine is monotonous, heavy and smothered with oil. *Mezes*, served both hot and cold, offer a gastronomic adventure to the traveler.

In a *taverna*, diners are often offered up to 20 different appetizers on a platter, and they can order a few or have them all. And while savoring them, and observing fellow patrons' discussions and arguments on the intricacies of Greek politics, they can enjoy a glass of aniseed-flavored ouzo or a Greek wine.

Like much of the local cuisine, most *mezes*

are Turkish in origin, brought by the flood of Greek refugees who fled after the disastrous Greek attempt in 1922 to recapture Constantinople and the grandeur of Byzantium. And today, whether at a sidewalk *taverna* in downtown Athens or in the *kafeneion* of a sleepy village on an Aegean island, these appetizers provide the answer for visitors wishing to avoid the drowsy after-effects of a hot meal in the blazing summer sun.

Heading the array are *dolmades*, tightly wrapped vine leaves stuffed with rice, onions, mint and dill. *Dolmades* are usually served cold, gleaming with the olive oil that permeates them and supplies their sweet-sour taste. Variety can be added with a plate of octopus, sliced, fried or grilled and served in lemon, or in a choice of sauces.

For those looking for something a little crisper, and perhaps more familiar, small pies filled with the white goat's milk cheese called *feta* (*firopites*) or spinach (*spanakopites*) make satisfying starters.

Then there are the dips to accompany the basket of brown village bread, in turn an inevitable accompaniment to any Greek meal,

*Taramosalata*, a light pink paste tasting subtly like caviar, is made from fish roe. It will be softer and smoother than the products sold in supermarkets both in Greece and other countries. Another dip is the *tzatziki*, a blend of rich yogurt, raw garlic and shredded cucumber. Garlic and yogurt? Yes, and those who try it will learn that *tzatziki* is not just tasty but positively addictive.

Since Greece has thousands of miles of coastline, seafood inevitably figures prominently in the gastronomic display. In addition to octopus, there are *kalamariakia*, tiny squid straight off the grill or crisp-fried in batter and served with lemon. Another offering that combines seafood with Greek culinary skills is *midia* — mussels stuffed with rice, onions, grapes, nuts and cinnamon, or served raw with a twist of lemon.

Among other temptations are: *keftedes*, oven-baked meatballs, or the similar *zoukakia*, soaked in a garlic-spiced fresh tomato sauce; *gigantes*, oven-baked giant beans; and *kolokithakia*, batter-fried zucchini slices and artichoke hearts.

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# Bah, Humburger and Other Plates de Jure

by Susan G. Yerkes

PATMOS, Greece — "High thoughts must have high language," said Aristophanes 24 centuries ago. To this day the playwright's feelings are shared in his homeland, especially by the people who translate Greek menus into English and invoke such high lan-

guage as "two eyes in grease" for eggs sunny-side up.

Mistranslation of other people's cuisine is, of course, universal. Europeans complain about the sea change their languages undergo before they reappear on menus in the United States, where at least one eminent food critic has translated the Italian for mussels, the shellfish, as muscles, the biceps.

The British have a singular way of redistributing accents in foreign "foods," and who can even imagine how most Chinese dishes are rendered on the world's menus?

But, if menu mistranslation is sport in most countries, in Greece it can be an art form.

Some of my favorite misspellings — all culled within a half-square-mile in the Plaka district of

Athens — are the following: Cauliflower, Flurips (with a *fl*), Mater mellen (the mother of watermelon, maybe?), Squamies, Bouyabasse, Fried Eggs Baycons (note the French accent), Chicken Milanese, Tomato ogardent, Tuddion greens.

Then come the variations — common themes played slightly differently on each menu: Hamburger becomes Xamburger, Chamburger, Homburger, Humburger, Humberger, (no Humberger, feminists may note).

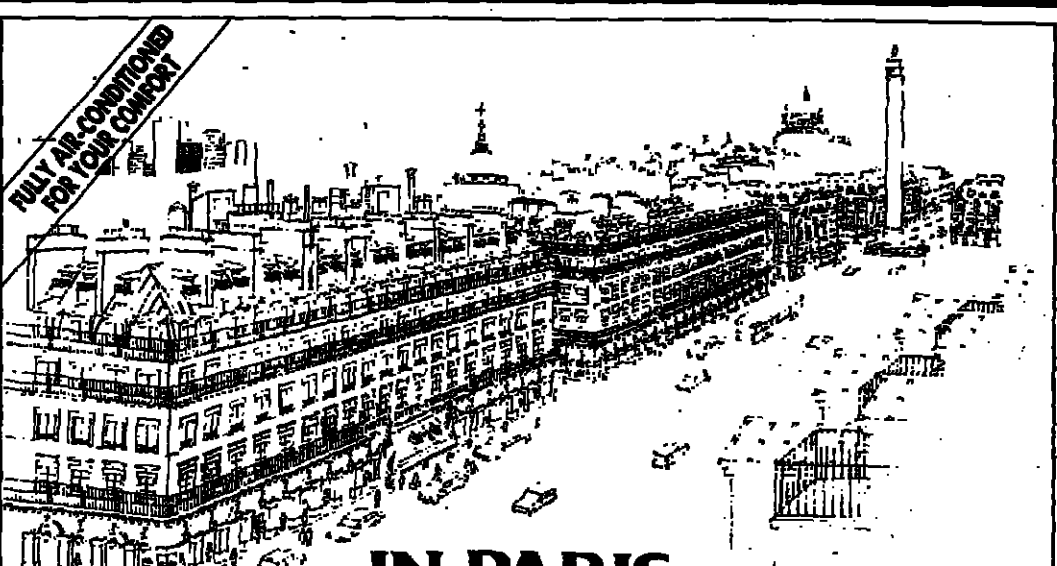
Lamb shows up in various forms, too: Lambhead, Tander Lamb, Lamb Chops, or the tantalizing Baby Lamb (a light meal). Occasionally, one encounters a single menu with a whole series of delights stemming from a basic misapprehension. The Corfu restaurant, just off Syntagma Square in Athens, offers a wide choice of vegetables to the finicky diner, including Musched potatoes, Musched spinach and, of course, Muschrooms.

Another variant is food that defies identification. For example: Stewed dried horse-been, Toudsalad (run?), or a large quantity of Pasta a dis cooked ov, Spinich with vealkidney bean, Bear samsse tomat, 114 Head, Vasil with pice, Small fry (for child-lovers, no doubt).

One finds oneself composing the Ideal Meal. Mine runs along these lines: Appetizer: Assortie Cold Ditch; soup course, Soup on the Eyelid (this gem has never been explained to me, though it has graced the menu outside a popular garden restaurant on a downtown Athens street for years. "Mistake" is all I get when I order it, but the genesis of the dish remains secret, and it stays on the menu year-round).

Entrée: Redsupper Baked Frigid; beverage: Butted Bear; dessert: Fresh Fruit Compost (a heap of it); followed by A Selection of Cream.

As that noted admirer of Greece and things Grecian, Lord Byron, said in "Don Juan": "I wish he would explain his explanation."



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# Premier Wants New Economic Miracle, but Faces Tough Problems



**EUPHORIA** — The flags and crowds were not for political rallies, but because Italy's soccer team had won the World Cup. The victory has tended to obscure national issues.

## Focus on Italy

INTERNATIONAL  
**Herald Tribune**  
Published With The New York Times and The Washington Post

JULY, 1982

## Promises '83 Budget Linked To Emergency Austerity Plan

By Sari Gilbert

**ROME** — Italian Premier Giovanni Spadolini has promised his country a new economic miracle. After a year of governmental near-inactivity, early this month he warded off a threatening government crisis by pledging that by July 31 he would come up with both a 1983 budget and an emergency economic austerity package.

Lamenting his "moment of solitude" and promising to re-establish "state sovereignty" over a runaway budget, Mr. Spadolini outlined a plan for a 1983 budget based on a state deficit confined to between 60,000- and 62,000-billion lire and a 13 percent ceiling on inflation.

Paradoxically, the same package will include emergency measures — a two percent value added tax increase, rises in electricity, telephone and heating gas prices, a new rise in the price of gasoline, and cuts in government spending — designed to try and chop between 8,000- and 10,000-billion lire off of this year's deficit.

For although there is sharp disagreement about the precise figures, there is little doubt that the government has clearly overshot its target of 50,000-billion lire for this year's enlarged public sector deficit.

### Estimates Vary

Estimates of the excess range from 15,000-billion lire to the 40,000 recently predicted by former Liberal Party chief economist Giovanni Malagodi.

Understandably, the chronic runaway state deficit is causing mounting alarm among Central Bank authorities and government economists. For not only does it keep inflation and interest rates significantly higher than in most other West European countries — thus damaging Italian competitiveness — but the constant need for refinancing has cut sharply into investments, more or less pushing the industrial sector to the sidelines of the credit market. In addition, the spiraling public sector borrowing requirement with its growing reliance on short-term treasury bills is seen as the basic last year, the state deficit, which along with the central government's budget also includes those of regional and local governments as well as the big state companies, reached 55,000-billion lire, growing by about five percent in the biggest leap since the war. This represented approximately 13.8 percent of gross domestic product (GDP) a percentage far larger than most other major industrialized countries.

The unchecked expansion is in large part due to a widening gap between revenues and expenditures, which in 1981 soared to 207,000-billion lire compared to 160,000 billion lire the year before.

The government's massive debt requirements (the government debt now exceeds 60 percent of GDP and in 1981 interest payments, up 48 percent from 1980, rose to seven percent of GDP) also plays a significant role.

### Political Decisions

But political decision-making in favor of reform policies of unquestioned largesse has clearly left its mark. Last year spending by Italy's regional governments rose by 19 percent. The deficit for the health budget is estimated at between 2,500- and 3,000-billion lire. And the pension program is also showing a hole of 4,000-billion lire.

The debate over the public deficit has filled the country's newspapers with headlines of alarm and warnings of impending economic doom. But while the situation is undoubtedly serious (soaring foreign indebtedness is a particularly worrisome indicator) it must be remembered that the current economic outlook is nowhere as bad as the crisis of 1975-1976. At that time, with foreign reserves brought down to a meager 500 billion lire by a rapidly depreciating lira, and a disastrous balance of payments, the country trembled for a time on the brink of bankruptcy.

And with GDP declining by 3.6 percent the bite of recession was truly painful.

However, a penchant for the dramatic does not mean that the current situation is a healthy one. After two years of impressive growth far above Western European averages, in 1981 the international recession caught up with Italy. That year, for only the second time in the postwar period, GDP fell, in real terms, below that of the previous year. The decline was minimal, only 2 percent. But both industrial and agricultural production dropped, gross investment fell off sharply, and by the beginning of 1982 the unemployment rate had reached an unprecedented 9.1 percent.

In 1981 the current account of the balance of payments recorded a deficit of \$8 billion. And while this represented some improvement over the \$9.7 billion deficit registered the year before, much of the potential gains were countered by the sharp depreciation of the lira, down 13 percent against all major currencies and off 30 percent against the dollar alone.

The terms of trade deteriorated by about 10 percent, so that a volume (Continued on Page 13S)

## Foreign Relations Particularly Warm With U.S., NATO

**ROME** — Italian foreign policy has rarely had a good press. Traditionally motivated by a desire to avoid isolation plus a concomitant and often contradictory search for prestige, Italy has rarely generated admiration in foreign relations — even among its allies.

The present moment consequently stands out in contrast. In recent years Italian foreign and defense policy has taken on a sheen of unusual energy and direction that has met with approval in most foreign capitals, particularly in Washington.

In the United States, the new-found benevolence toward the Italians largely reflects appreciation for a single foreign policy decision — the breakthrough acceptance in November, 1979, by former Premier Francesco Cossiga's government for the stationing on Italian soil of 112 Cruise missiles as part of a NATO plan for the modernization of theater nuclear forces in Western Europe.

But also causing muted cheers in various friendly foreign capitals is the energetic policy of armed forces modernization that has led not only to strategic re-orientation and innovation but also to increased defense spending as well.

In addition, the Italian government has begun moving to assume an overall role of greater responsibility

in the Mediterranean area. Two years ago, faced with a request from Malta's Dom Mintoff for help to ease his island country out of the Libyan grip, the Italians responded with an unexpected guarantee for Maltese neutrality as well as promises of substantial economic aid.

More recently, the Italian government was a prime European mover in working out arrangements for a European multilateral force for the Sinai. And Western diplomats commend discrete Italian attempts to ease tensions on the southern flank between Greece and Turkey as well as modifications in naval strategy that in a pinch could provide local relief for the Naples-based U.S. Sixth Fleet.

In the past, Italian policy-makers were frequently charged with *immobilismo*, or inertia, in foreign policy matters. Traditionally, the foreign policy of "the largest of the small nations and the smallest of the large nations" has been marked by a search for membership in a protective alliance, a somewhat neurotic obsession with "presence" in any and all international forums, and vague ambitions of a mediatory nature, stimulated both by dreams of grandeur and a natural desire to exploit Italy's geopolitical position at the Mediterranean crossroads.

At the end of World War II, a defeated, war-torn

Italy so emphasized its top priority of winning re-entry into the family of nations that it won a reputation for nearly unquestioned docility. Later, when tensions eased enough to allow some of its other aspirations to bubble to the surface — close economic ties with Eastern Europe, good relations with the Arabs and close contacts with other Third World countries — there were accusations of indecisiveness and inconsistency.

### Coping With Opposition

In effect, foreign policy decision-making in Italy has always been rather difficult. Despite the country's clear commitment to the North Atlantic Treaty Organization, it has often been difficult to ignore the pressures of a powerful and vocal Communist opposition. And even more often the rivalries and competing viewpoints of Italy's government coalition members have proved major obstacles to coherence.

Recently, for example, inner coalition divisions forced the government to put on ice a final decision regarding a proposed Soviet gas deal. And Italy's refusal to continue the economic sanctions against Argentina during the war in the South Atlantic over the Falklands also resulted from political differences among governing allies.

Doubtless, renewed international East-West tensions have played a part in Italy's recently sharpened sense of Atlantic commitment, and a breakdown in a process of domestic *détente* between the dominant Christian Democrats and the Communists has also had a contributory role.

But the noticeable boost in dynamism and assertiveness also bears the stamp of the men currently guiding foreign and defense policy here, namely Christian Democrat Emilio Colombo and Socialist Lello Lagorio, both in office continuously since April 4, 1980.

Mr. Colombo is a former Italian premier who held a variety of cabinet posts here before being chosen as president of the European Parliament. His stint in Strasbourg won him international respect. But his status further rose in Europe following his skillful construction of a crucial May 1980 compromise on the British EEC budget dispute. Nor has his effectiveness as a tireless spokesman for Europe in any way damaged his reputation as a confirmed and committed "Atlanticist."

Mr. Lagorio, on the other hand, has the distinction of being the first Socialist ever to hold the defense portfolio here. But if the appointment two years ago (Continued on Page 12S)

## New Terrorists: Nondescript Faces in a Crowd

By Kay Withers

**ROME** — As terrorism wanes in Italy and arrests proliferate, the image of the terrorist has subtly changed.

Rarely now, is the masked guerrilla seen in action. And only occasionally does the distorted face of a captured leader stare angrily through the bars of a courtroom cage.

The focus these days is on a different kind

of terrorist, a guerrilla with a neat and nondescript face, apparently untouched either by the passionate political commitment of the early days or by the ruthless, tactical intelligence that succeeded it.

This new face is currently on display at the trial of Red Brigades militants for the 1978 murder of former Premier Aldo Moro and for other crimes in the Rome area.

One of the star witnesses against the Red

Brigades was an alleged multiple killer, former Brigades member Antonio Savasta, 27. In court, Savasta sat straight on a wooden chair, hair short, small mustache neatly clipped, horn-rimmed spectacles perched studiously, like an examination candidate or job applicant.

His thinking was as muddled as his appearance was neat: "When the same things [bomb-

(Continued on Page 14S)

### BASIC DATA

Area: 116,318 square miles; population: 57 million; growth 1970-79: 0.7% per annum.

Principal cities: Rome: 2.9 million; Milan: 1.6 million; Naples: 1.2 million; Turin: 1.14 million; Genoa: 774,643; Palermo: 698,254; Bologna: 466,593; Florence: 460,924

Total labor force: 22.3 million.

Currency: Lira; \$1 = 1,379.45 lire.

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Capital and Reserves: 397,2 billion Lire

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Besides profits, the Bank covered securities' depreciation for more than 19 billion Lire and allocated 88 billion to the loan-contingency fund, substantially increasing the

total net worth to 397 billion Lire. Dividends were 175 Lire for each ordinary share and 87,5 for preferred shares, ranking for dividend as of 1st July 1981. Total customers' deposits increased by 18,4%, whilst loans to ordinary customers increased by 19,7%.



The Meeting entrusted the international auditors, Coopers & Lybrand, with the auditing of the Bank's accounts for the three-year period 1983/85, in view of the official quotation of the Bank's shares on the Stock Exchange.

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# Drought Disastrous to South, Islands

*Situation Worsened by Poor Planning, Inefficiency in Underdeveloped Areas*

**BARI** — During the heat wave from Africa that enshrouded the south of Italy for a week last month, lines of people with pails formed at public fountains, bottled mineral water was sold at black-market prices, crops withered and firemen were hard-pressed to deal with blazes throughout Apulia, Sicily, Calabria and Sardinia.

The unseasonable heat — in some areas as high as 110 degrees Fahrenheit — dramatized a long-standing problem. In much of the less-developed Italian south, water is in short supply to start with. And neglect, poor planning and inefficiency by local and national officials have aggravated the perennial drought.

The situation this year, however, is even more serious. The government has just declared five regions in the south "natural disaster areas."

In parts of the south, water for domestic use regularly has to be rationed so that in some towns in Apulia and Sicily, for example, there is running water only a few hours a day. In others, less than 100 liters are available a day per person, compared to 1,000 liters daily elsewhere.

The scarcity of water has also had other effects. Sometimes, in the same building, containers with stronger pumps "pirate" the water that should go to others.

## Town Hall Burned

The owners of wells in Sicily charge sky-high prices, and in some areas the citizens' anger has gotten out of control. Two summers ago, the residents of Palagonia, in eastern Sicily, burned down the town hall after being without water for several weeks. There also was an uprising this year in the Sardinian village of Carbonara.

Private industry also suffers from the shortages, but the plight of agriculture is worse. According to Gian Domenico Serra, president of Confagricoltura, the farmers' confederation, the devastation of southern agriculture is "dramatic," worse than that caused by the earthquake in the fall of 1980.

Mr. Serra said that the lack of water has compromised agriculture on the plain of Catania in Sicily, in the Campidano region of Sardinia, in the area around Nuoro, along the coast near Sassari, and in large parts of Apulia, particularly in the provinces of Bari and the Capitanata area around Foggia.

"In Capitanata alone, one of the granaries of Italy," he said, "four million quintals (about

440,000 tons) of grain have been lost and the damages are nearing 276 billion lire (about \$200 million)." He pointed out that the destroyed grain represented about 12 percent of the total Italian output of durum wheat in 1981. In addition, large quantities of beets, sunflowers, grapes and tomatoes have been damaged.

Fertile, sun-drenched Apulia, the southeastern region that more or less corresponds to the leg and the heel of the "boot" of the Italian peninsula, is often called the "California of Italy."

Apulia has rolling hills and vast plains, and there are few mountains, surface rivers or lakes. Agriculture has been focused on sun-loving crops that need relatively little water, and the area has depended on the neighboring regions of Molise, Campania and Basilicata for water.

Although it is known that vast pockets of water exist underground, little has been done to tap them for irrigation and, as in much of the south, the farmers depend on artesian wells and wait anxiously for rain.

A new emergency threatened this spring when it appeared likely that earthquake-caused damage to the 244-kilometer aqueduct that since 1927 has brought water to the region from the Sele spring in Ispina, near Naples, would take two or three months to repair, leaving Apulia's capital, Bari, and other parts of the region completely dry for the entire time.

Local forces, including tour operators, reacted vehemently, with the result that the government in Rome appointed a special commission to deal with the situation. An 18-kilometer bypass is being constructed, apparently in record time, to allow repairs to be made after the summer with no loss of water service.

## Questions Asked

But the damage to "the canal," as the Apulians call it, has also focused attention on the government's failure to keep up with the needs of this and other regions of the south. Why, critics ask, has maintenance on the aqueduct been so sloppy? Why were this and two newer and smaller aqueducts in the area built with single rather than double tubes that would make maintenance possible without water cut-offs? Why, if a study in the mid-1960s called for 14 billion lire of repairs and consolidation, has the sum not been spent? Why, despite the area's long coastline, have only a few, small

desalination plants been built, and why has the distribution of grants from the Cassa per il Mezzogiorno, the fund for the south, been so slow?

The situation is similar elsewhere in the south. The 40 aqueducts built in Sardinia in the 1950s are no longer sufficient and only 12 others, of a projected 88, are now under construction.

In Sicily, where the recent heat wave took four lives, government planning has done little to ease a centuries-old situation worsened by five years of inadequate rainfall. In San Fratello, near Messina in the Nebrodi Mountains in the north, there is water only two hours a week, and the town's normal population of 5,000 has declined to 3,200.

In Agrigento, on the island's eastern coast, much of the population of 52,000 gets running water at home on an average of only three hours a day every three days. "We are in a constant situation of inferiority, of discomfort," says Mayor Calogero Zambuto, who adds that the townspeople are forced to become "water magicians," finding ways to use the same water two and three times before throwing it out.

In Palermo, where the rich use private wells to fill their swimming pools and water their gardens, the less-well-to-do often boil their pasta in mineral water. Because of the lack of water, the municipality is forced to pay hundreds of thousands of lire annually to buy about 8-million cubic meters of water from about a dozen private-well owners.

The problem is made worse by the fact that the city's water pipes are in such bad condition that much of the water is lost before it gets to the consumer.

At present in Sicily there are 24 dams and reservoirs for aqueducts, irrigation or both, eight of which were built before World War II. Six more are under construction and 16 projects have been completed... on paper.

So far, however, the track record for efficient dam and reservoir construction has not been good. For example, although the Naro dam near Agrigento, with its 79-square-kilometer reservoir, was finished some time ago, the necessary sluices and conduits have still to be finished. The Nicoletti dam near Leonforte, in the province of Enna, was begun in 1967, but when operations began in 1976 the conduits crumbled.

—S.G.

## Allies Appreciate Foreign Relations Position

(Continued from Page 11S)

raised any eyebrows in Washington or in European NATO circles, all lingering doubts were dispelled by the 56-year-old minister's pro-Atlantic dynamism and innovativeness.

Most importantly in Western eyes, under his leadership Italy has moved quickly to increase defense spending. The minister himself is quick to point out that for historical reasons — primarily the opposition left by the militarism of the Fascist period — Italy today still spends less for defense than most other countries.

In the last three years Italy's military expenditures have dou-

bled in absolute terms from \$5 billion a year to \$10 billion, growing from 2.2 percent of the gross national product to 2.5 percent at present.

Compared to military spending elsewhere — in 1981, France spent 3.9 percent of its GNP on defense, West Germany 3.2 percent and Britain 5.1 percent — this may not sound like much. But the increases, criticized by the Communists at home and by the Soviet Union from abroad, have been sufficient that in a country plagued by 20-percent inflation, defense spending has nevertheless increased in real terms by somewhat more than the annual NATO target of 3 percent.

Mr. Lagorio has found some of the money needed to put into effect a 1975 plan for modernization of the armed forces. There also have been strategic changes. The problems posed by the 1980 earthquake, which forced the army to move two divisions 800 kilometers for rescue operations, represented one factor.

But most of all, an increasingly troubled international situation — characterized by the growing presence in the Mediterranean of the Soviet navy and the increasing instability of the Middle East — last year led Mr. Lagorio to ask his joint chiefs of staff to work out a "new model of defense."

Although this process has not been completed, the upshot so far has been a gradual shift away from the once pre-eminent emphasis on defense of the northeastern frontier and toward a more forward Mediterranean role.

This has so far meant shifting naval deployment somewhat southward, that is, beefing up defense in respect to Tarento, La Spezia and permanently assigning six of the army's 24 brigades to the Italian south.

Also planned is a 2,000-troop rapid deployment task force that could be used for natural disasters or national defense.

—S.G.

## Focus on Italy

### GARIBALDI'S MANTLE

*In a year marking the centenary of his death, several top politicians have verbally elbowed each other aside in a rush to stake their claims as the red-shirted hero's legitimate heirs...*



GARIBALDI: A style that inspires a nation 100 years after his death.

**ROME** — When he was alive, British heiresses, Italian noblemen and Sardinian housewives vied for the affections of Gen. Giuseppe Garibaldi, the romantic revolutionary known variously as the "Hero of Two Worlds," the "Redeemer of Italy," the "Dictator of the Two Sicilies," or — to his enemies — as the red demon or devil.

Now, 100 years after his death, on the small Sardinian island of Caprera, a different kind of contest appears to be in progress. As a vast, unprecedented schedule of centenary celebrations gradually unfolds, Italian politicians and institutions seem to be competing for the hero's tattered mantle.

At a time when there is little in Italian politics that can fairly be called inspiring, there appears to be a conscious search for a renewed sense of patriotism and national identity, with the president of the republic and the Defense Ministry playing particularly significant roles.

But several of Italy's top politicians have also gotten into the act, verbally elbowing each other aside in a rush to stake their claims as the red-shirted hero's legitimate heirs.

## TV Dramatization

So far this year, new stamps have been issued, old historical films have been taken out of mothballs, and a long, two-part Garibaldi dramatization, starring American actor Ben Gazzara, was recently broadcast by Italian state television in attempts to whip up some popular involvement.

But for the time being the major effect of the books that have been published and of the exhibits and conferences held seems to have been that of giving historians, politicians and political analysts a chance to put forward their interpretation of his deeds, works and ideas.

"Are we now all Garibaldini?" asks veteran Communist leader Giancarlo Pajetta, in the lead article of a four-page special supplement put out earlier this month by the party daily, L'Unità.

The supplement, like others published here in recent weeks, goes over Garibaldi's early exploits in South America, his prowess as an ocean navigator, his military expeditions against the Italian Bourbon kingdom in the Italian south, against the Austrians and the French, his rank in the trial of 19th-century Italian heroes — Garibaldi, Giuseppe Mazzini, founder of the Young Italy Society, and Camillo Cavour, who, among other things, founded the newspaper Il Risorgimento — and, in general, his role in the Risorgimento, the period of Italian cultural and political reawakening that culminated in the country's national unification in 1860.

In a recent speech, Mr. Spadolini described

In his article, Mr. Pajetta says the long-haired, bearded revolutionary belongs among Italy's good guys, pointing out that during both the Spanish Civil War and the Italian resistance movement of World War II, Italian freedom fighters organized themselves into "Garibaldi" brigades.

But by recalling that in 1871 the hero had kind words for the leftists on the Paris barricades and that later that year he described the International as "the sun of the future," Mr. Pajetta was tacitly staking an ownership claim for the Communist left.

Nevertheless, the real contest here has been between Italy's chubby premier, Giovanni Spadolini, and the balding, bespectacled Socialist leader Bettino Craxi, neither of whom enjoys any of the hero's physical panache.

Premier Spadolini, a former journalist, is also a well-respected Risorgimento historian with a special interest in Garibaldi. The author of several books as well as the proud owner of an inscribed Bible given to Garibaldi, a Freemason and anti-clerical, by a group of British Protestants in 1864, Mr. Spadolini had been named head of the national committee for the Garibaldi centenary even before becoming premier in June, 1981.

His identification with Garibaldi is furthered by the fact that Mr. Spadolini's party, the Republicans, traces its origins to 1849 and Mazzini's short-lived Roman republic, of which Garibaldi saw himself as the military arm. In addition, Mr. Spadolini is Italy's first non-Christian Democratic premier in 35 years.

Mr. Spadolini has differentiated himself from his rival, Craxi, by saying "If journalists were to visit my house, they would not find clothes or guns belonging to General Garibaldi, nor slippers."

"Craxi," he added, "is a collector of Garibaldians; I am a bibliophile devoted to the history of the Risorgimento."

## Speech at Tomb

But Mr. Craxi, who most people here say deserves his reputation as the country's most ambitious politician, has not been deterred. Although stressing that Garibaldi belongs to all Italians, he is fond of describing the Hero of Two Worlds as a socialist and made a point of visiting Garibaldi's tomb and making a speech there two weeks before an official visit by Mr. Spadolini and President Sandro Pertini.

Both men, however, appear convinced that these days Italians could use a strong dose of national pride that the Garibaldi campaign may be able to provide.

In a recent speech, Mr. Spadolini described

the legendary general as "a symbol of a new moral unity," and Mr. Craxi's close colleague, Socialist Defense Minister Lelio Lagorio, kicked off the Garibaldi centenary year saying "Garibaldi is a national symbol, a military hero, a positive hero" and that terrorism, corruption and economic problems have combined to make Italians desirous of recovering their "sense of national identity."

Not everyone, of course, agrees. Rosario Romeo, the historian, who points out that, if anything, Garibaldi was a humanitarian rather than a socialist, says "all these celebrations seem to me to be somewhat irrational."

Mr. Romeo says it's nice that the concept of patria is being dusted off for the centenary but that it makes no sense to attribute any current political relevance to a 19th-century hero.

Garibaldi's major quality, according to Mr. Romeo, was his capacity to establish a relationship with ordinary people. This made him useful to the more cynical politicians of the day but also accounts for the warm spot he continues to hold in at least some Italian hearts.

That popular interest exists is hard to deny. Last year, for example, more than 125,000 people visited his hard-to-get-to island tomb. But just how deep the feeling goes is hard to gauge.

Despite the variety of exhibits and commemorations, most Italians seem more interested in the recently concluded world soccer championships and in putting the last touches on their summer vacation plans.

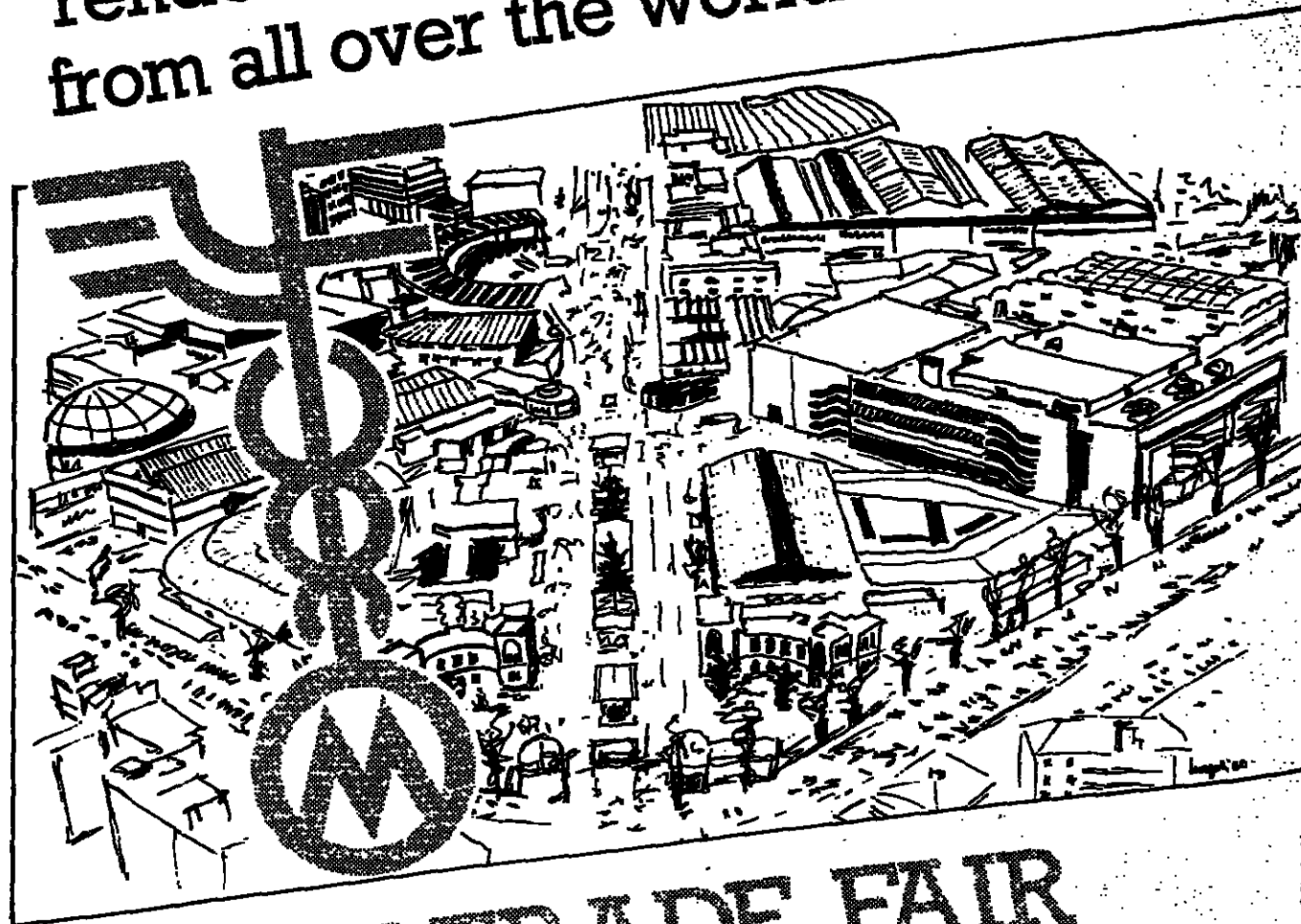
—S.G.

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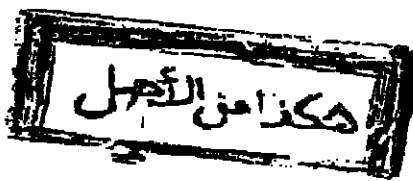
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# Politics: Spadolini Marks His First Year, Wants Government 'Without Soloists'

ROME—July was a month of euphoria for many Italians, as outbursts of joy over Italy's victory in the World Cup championships temporarily forced pressing social, economic and political problems off center stage and into the background.

But the virtuoso performance of the azzurri, the national soccer team, on Spanish fields also gave politicians and pundits a chance to draw some pretty damning comparisons.

Premier Giovanni Spadolini, whose five-party government recently defied the forecasters by celebrating its first anniversary, summed it up succinctly when he said that what his government needed was "teamwork without soloists."

And other politicians echoed his sentiments, lamenting the fact that the premier does not have the same power as Coach Enzo Bearzot, and cannot simply substitute one or another of his players whenever he should find it necessary.

## Tenuous Unity

Even the fact that the tenuous unity of the broad governing coalition of Christian Democrats, Socialists, Social Democrats, Republicans and Liberals has been threatened increasingly by deep divisions among its component parties, particularly over economic policy.

In itself this is nothing new. The fact that there was no clear victor in the 1979 national elections explains why squabbling has continued during the four different governments that have been formed since then. At the same time, the ongoing ban on government participation by the powerful Communists, who still control 30 percent of the vote, has made participation among the five centrist and center-left parties a political mine.

But in recent months, political feuding, particularly between the two larger parties, the Christian Democrats and the Socialists, has effectively paralyzed most government action.



Premier Spadolini



Foreign Minister Colombo

Even worse, bitter rivalries among the four cabinet ministers with economic responsibilities have repeatedly burst into the open.

Two weeks ago the 56-year-old Mr. Spadolini managed to patch up an incipient government crisis over the country's controversial wage indexation mechanism and appealed to his cabinet colleagues to stop their incessant bickering.

But two days later Socialist state participation minister, Gianni de Michelis, was at it again, using the columns of a Rome daily to blame most of the country's current economic problems on the Christian Democratic treasury minister, Beniamino Andreatta.

This led to an answering salvo from the Christian Democratic party newspaper, Il Popolo, leaving the impression that as Mr. Spadolini struggles to put together a new compromise emergency package by the end of this month new political pitfalls may yet open before him.

Both the Christian Democrats and the Socialists have promised the Spadolini government their support. At a recent political meeting, the Christian Democrats' new party secretary, Ciriaco de Mita, said the current five-party coalition "is the only alliance for this and the coming legislature."

But in the next breath he illustrated the fragility of the alliance by speaking of the difficulties of governing with the Socialists. "It's not easy," he said, "because it's clear they are only waiting to get rid of us."

The first non-Christian Democrat to hold the post of premier since war-time resistance leader Ferruccio Parri in 1945, Mr. Spadolini

has won high marks — and an unusual measure of personal popularity — for his unquestioned honesty and intellectual rigor.

But in politics moral authority cannot hold a candle to power. And Mr. Spadolini, as head of the tiny Republican Party, has next to no power.

Indeed, it is fair to say that his appointment as premier in 1981 came about only as a result of a stalemate between the dominant Christian Democrats and the aggressive Italian Socialists, without whom no majority government is currently possible.

Besmirched by the still mysterious P-2 scandal last spring, the Christian Democrats agreed, despite their number-one status here, to temporarily relinquish the country's political leadership.

However, they were not about to surrender to the Socialists' dynamic leader, Bettino Craxi, and the choice thus fell on Mr. Spadolini, a respected politician whose party, with three percent of the vote, posed no long-range substantial political threat.

In the same sense, it is precisely to this ongoing rivalry between the Christian Democrats and the Socialists that Mr. Spadolini owes his (by Italian standards) lengthy tenure, now at more than 13 months.

## Longer Stalemate

And although in Italy forecasts are difficult, some observers now believe the stalemate could even prolong the Spadolini government's life until the spring. However, this will depend on how long the two major parties are content to go on living with the current uneasy truce before the temptation to go to the polls becomes irresistible.

The Socialists, Italy's third largest party after the Christian Democrats and the Communists, returned to government in April, 1980, after a six-year absence. Under Mr. Craxi's

belligerent leadership, they have set their sights on the premiership. Encouraging returns in several recent by-elections have convinced Mr. Craxi that in a new national vote they could grow to 17 or 18 percent from their current 11 percent. But they are reluctant to get the blame for triggering new elections, now scheduled for spring of 1984.

The Christian Democrats have much the same problem, but under Mr. de Mita's leadership have become somewhat more pugnacious. They are likely to back Mr. Spadolini until elections become unavoidable. At that point, eager to go to the polls with a Christian Democrat in the premier's seat, they would almost certainly force a government crisis.

But if the unresolved Christian Democrat-Socialist rivalry has kept Mr. Spadolini in office, it has forced him to devote most of his energies to patching up intracabinet quarrels rather than to effective government.

Interparty disputes, furthermore, have repeatedly interfered with policy-making, forcing a freeze on a key pipeline deal with the Soviet Union and leading Italy to reverse itself over economic sanctions against Argentina during the war in the South Atlantic.

Nor has the situation been much better on the domestic plane. There have been major rows over management at ENI, the state national energy agency and over allegations of political and secret service involvement in a ransom paid last year to the Red Brigades for the release of Ciriaco De Mita, a Neapolitan Christian Democratic politician.

For months there has been bitter infighting about economic policy, and a conflict over the abrogation of the wage indexation agreement by the state managers' association, INTERSIND, almost brought the government down just after Mr. Spadolini celebrated his first year in office.

In fact, although the premier himself has

won praise for what some see as a more vigorous and modern style, relatively little progress has been made where social and economic essentials are concerned.

According to Rome newspaper editor Eugenio Scalfari, in terms of economic policy almost a year has been wasted. Despite the "tons of paper and ink" produced by the parties of the majority on the relevant issues, next to nothing has been done, he wrote earlier this month in the independent leftist daily, La Repubblica.

The public deficit had been allowed to get totally out of hand, he added, while success in controlling inflation owed more to the international recession and the Bank of Italy's strict monetary policy.

## P-2 Scandal

Although the P-2 Masonic continues to smolder on a back burner and headlines in recent months have been dominated by the mysterious death of financier Roberto Calvi and the Ambrosiano banking scandal, Mr. Spadolini's own personal honesty and rectitude has nevertheless given the appearance of some progress on the "moral" front.

But with crime and underworld-related activities apparently on the rise, the balance sheet in social matters is also an encouraging one.

Perhaps the only exception is terrorism, which Mr. Spadolini named as one of four emergencies when he took over on June 28, 1981. Although terrorist killings continue, as last week's murder of Naples' deputy police chief, Antonio Ammaturo shows, Italian security forces have had a brilliant showing in recent months. The successful rescue operation of kidnapped U.S. Gen. James Dozier and the hundreds of arrests that followed appear, at least at the moment, to represent a crippling blow to the forces of Italian subversion. —S.G.

SARI GILBERT, an American, writes from Rome for The Washington Post and the Boston Globe and is a frequent contributor to the International Herald Tribune and its supplements.

JANET STOBART is British and works for the Rome Newsweek bureau.

ROBERT WAZEKA, an American, is the Rome correspondent for McGraw-Hill World News and for Industry Week Magazine.

DANIELA IACONO, an American, works for the Rome bureau of United Press International.

KAY WITHERS is an Australian who reports from Rome for the Chicago Tribune and the Baltimore Sun.

SYSTISKE LOONEN is Dutch and works as editorial assistant to the Rome bureau of The New York Times.

ULI SCHMETZNER is an Australian freelance writer and journalist based in Rome.

## Tough Economic Problems Ahead

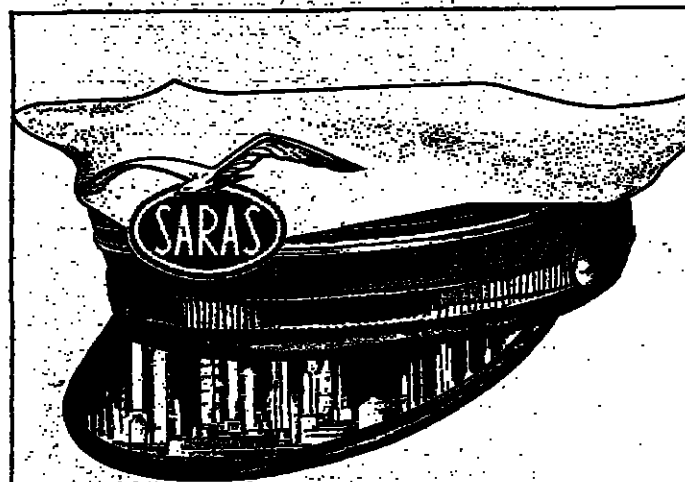
(Continued from Page 115)

Improvement in the import-export situation, exports down 8.5 percent, imports up 8.8 percent, resulted in only a modest improvement in the trade deficit of 1200 billion lire.

The outlook for 1982 is also not particularly cheerful. Figures for the first five months of the year show a trade deficit of 8,800-billion lire which, at constant rates,

could grow to 20,000-billion lire by the end of the year. Since Jan. 1, the lira has dropped in value by about 2.2 percent against European currencies and nearly eight percent against the dollar.

The pressure on the Italian currency has been such that by April 30, reserves in convertible foreign currencies had shrunk to \$5.3-billion for over \$9 billion at the end of December.



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Sorin Biomedica, a company of the Fiat Group. Dams in Asia, motorways in Africa, telephone systems in the Middle East are also made by Fiat. Thus for the Alices, Pierres, Ahmeds and Wanjiros of this world, Fiat stands for much more than automobiles. Yet we are proud that for many people automobiles mean Fiat.

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Means a lot.



## The New Terrorists: A Subtle Change in Style and Inspiration Noted

(Continued from Page 115) In Ireland or in the London ghettos," he insisted, "they are judged favorably." He added that the Brigades' political project had been based on the mistaken belief that Italy was in "a pre-insurrectional state."

Another state witness, who had worked on logistics for the Brigades, was Ave Maria Petricola, 26. She told the court that she had joined the group, basically, to follow her fiancé. "My love for Giulio was the determining factor," she said. Not that she did not believe in "the armed struggle." She said she did. "But I was afraid to shoot."

Another former Brigades member, Carlo Brogi, used to be an Alitalia steward. Dark and dandyish, with a blazer over an open shirt, he told the judges that he had joined the urban guerrillas "for emotional reasons, dictated by an aspiration to... create beautiful things."

These are "third-generation" guerrillas, following the ideological committed founders like Renato Curcio and the paramilitary strategists like Mario Moretti. They are young and, above all, ordinary. Sociologist Franco Ferrarotti, the author of several studies on terrorism and a former teacher of Curcio, sees the latest generation of terrorists as being "of a very different fiber." "It's in-

evitable," he said, "that any movement that is successful becomes too big and attracts weak characters, undisciplined people. There's a dilution of ideology now. Recruits have no experience at all in any strong militancy."

Predictably, such people had little... (Continued on Page 155)

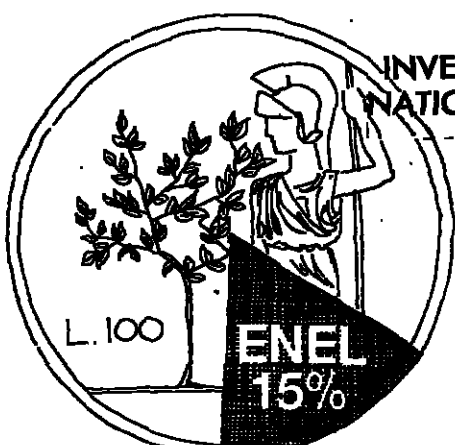


### ITALIAN STATE ELECTRICITY AGENCY ENEL INVESTMENTS 1981

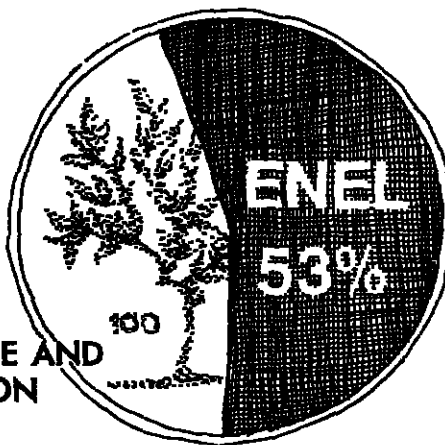
In 1981 ENEL made investments totaling 3.311 billion lire, a figure which represents:

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ENEL's investments have grown by 26% with respect to 1980,

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a growth of 4.3% has been registered in spite of the difficulties imposed on the construction of new installations, especially those for production purposes.

## Energy Bill Continues to Rise

The government's current plan is to shift toward coal, natural gas and nuclear power and later to alternative energy sources such as solar and wave power...

By Robert Wazek

ROME — Nearly all of Italy's economic problems can be traced to the lack of oil. The country's new national energy plan is built on the premise of reducing oil consumption and replacing it with alternative energy sources.

Today, in fact, two-thirds of Italy's energy demands are filled by (imported) oil, an unusually high percentage (the European Economic Community's average is only 55 percent).

Last year, Italy paid more than \$22 billion to import crude oil and that outlay represented a 53-percent increase over 1980.

Despite falling oil prices, Italy's oil bill has continued to rise, contributing directly to inflation and indirectly to the government deficit.

The increased expenditure comes because oil accounts are paid in dollars and because the dollar has gained so rapidly against the lira.

If oil were left out of the picture, Italy would be running a mild trade surplus. With it, it is experiencing an alarming deficit.

### Shift Toward Coal

Italy, along with Belgium and Japan, is one of the three most energy-poor countries in the industrialized world. The government's current plan to deal with this situation is to shift toward coal, natural gas and nuclear power over the short and medium runs and then in the long run to alternative energy sources such as solar power.

Such a plan is hardly original. Every major industrial country is doing much the same thing. What makes Italy's situation unique are two factors: first, the degree of its dependence upon imported oil, especially for use in electricity generation and home heating, and second, the difficulties and delays it has had in getting its energy program off the ground.

The delays seem almost endemic. Italy has had six different energy plans in the last three years and, in the same period, seven different industries — and energy — ministers. No new coal and nuclear power stations have been started in these three years.

A recently completed \$2.2-billion pipeline designed to bring 12.5-billion cubic meters of natural gas yearly from Algeria to Italy — a pipeline that would meet about 30 percent of Italy's gas needs over the next decade — has been sitting unused because of a pricing dispute.

### Socialist Opposition

Final agreement on the delivery of 6-billion to 8-billion cubic meters of gas annually from the Soviet Union has also been delayed by Socialist and Social Democratic opposition within Italy's five-party governing coalition. In France and West Germany, Socialists support the idea of buying gas from the Soviet Union; in Italy, they oppose it.

Finally, there is the problem of financing. The total cost of the energy plan for the 1982-1990 period will

be \$62.3 billion. Who is going to pay for this? Since state-owned enterprises dominate nearly every phase of energy operations, the government would seem to be the likely target.

But with this year's deficit forecast now hovering around the \$50-billion mark — an alarming 12 to 14 percent of the gross national product — the government hardly seems in a position to help much.

Moreover, both ENEL, the state electricity company, and the state oil company, ENI, are running heavy debts.

They are seeking new government appropriations and domestic and foreign loans, but industry sources here say to accomplish anything significant Italy must do what it so far has been unwilling to do — to raise energy prices.

Yet, there are signs that resistance to price increases is weakening, according to Giuseppe Ammassari, the Industry Ministry's director-general for energy sources and the closest person Italy has to being an "energy czar."

Mr. Ammassari points to the recent tariff increases granted to ENEL — the first, in real terms, for the utility in 12 years — and the prospect of company rather than state control over the pricing of certain petroleum products.

Such actions could encourage oil companies to restore recent cuts in their investment plans for oil and gas exploration and for refinery modernization, and may stimulate ENEL to more and quicker plans to build coal and nuclear power stations.

For by 1990, Italy wants to bring its dependency upon oil down to 51 percent from the current level of 67.2 percent, increasing nuclear to 4.3 percent from 0.3 percent; coal to 18.4 percent from 8.5 percent, and natural gas to 18.9 percent from 15.5 percent.

The shift from oil to nuclear, coal and gas will occur primarily in the electricity component of energy, where Italy, up until now, has been overly dependent upon oil-burning power plants.

The goal for 1990 is to build four new nuclear power stations totaling 3,000 megawatts, to construct new coal plants with a capacity of 17,000 megawatts, while converting another 3,700 megawatts from oil to coal, and to boost the use of natural gas to 43-billion to 45-billion cubic meters a year from the present level of 28-billion cubic meters a year, primarily through the signing of the Algerian and Soviet gas agreements.

While most political groups here officially favor nuclear power development, local opposition is still causing serious difficulties for the siting of plants. With coal, the chief difficulty is building infrastructure — deep ports, coal terminals, rail lines, wider channels — fast enough to accommodate the anticipated increases in coal imports.

With gas, the situation is more straightforward: the Algerian and Soviet agreements must be signed. In all three areas, Mr. Ammassari appears cautiously optimistic. Political opposition within Italy to the gas agreements has softened, he thinks, and both might be signed by the end of this summer.

## Local Elections Confirm Decline Of Communists, Socialist Upturn

By Sytke Looijen

ROME — The results of the latest local elections held in Italy on June 7 confirmed the steady decline of the Italian Communist Party at the polls since its heyday of popularity in 1976.

Party insiders and political observers alike agree that things have been going downhill for the Communists during the last years. But recent changes on the national political scene may bring some light into the dark Communist tunnel.

The Communists were the major losers in the voting in 48 towns and communities, dropping from the 27 percent won during the general elections in 1979, to 22 percent.

The biggest winner, by contrast, was the smaller Socialist Party, which almost doubled its vote from 7.6 percent to 13.7 percent, indicating that that party's tough anti-Communist tactics and its aggressive bid to establish itself as a third force between Communists and Christian Democrats, could be paying off.

### Short of Expectations

Even though the elections involved only 2 percent of the Italian electorate, the result made it clear that the Communist Party, known for its efficient administration in its traditional strongholds in the north, has not lived up to the same expectations in the south.

In Naples, in a historically Communist neighborhood called Stella, the party's vote dropped dramatically by almost 9 percent. Naples has been governed by a Communist-led city council since 1975. According to an article in L'Unità, the Communist Party's paper, many of their traditional voters abstained or voted Socialist.

The Communist Party is clearly going through a crisis, according to more than one party member, could last until the next party congress in the spring of 1983, if not beyond. "Who knows where we are going," a Communist journalist said. "There is a great confusion, a feeling of stagnation," he added gloomily.

### Redefining Strategy

In fact, the aggressiveness of the Socialist Party and the apparent disappointment of voters with the Communist Party's capacity to bring about concrete changes in their daily lives are not the party's only problems. Its leaders and rank-and-file members are divided among themselves over national and international policies.

In the first place, the return to opposition and the collapse in 1978 of the 10-year-old policy of "historic compromise" with the Christian Democrats have touched off debates over the redefinition of political strategy.

At the same time, the party's progressive detachment from the Soviet Union brought it close to rup-

ture with Moscow this winter, when the party's secretary, Enrico Berlinguer, declared that the October revolution had become a "spent force."

The "Poland shock" showed how inner-party rules have changed over the years. In the past, differences of opinion were kept within the walls of the party's offices; today, Armando Cossutta, the only leader at the top who refused the "breach with Moscow," openly attacks the party's position and promises battle at the next congress.

The loosening of the party rules has been welcomed by other Italian political groups, as well as by many Communists. However, the liberalization of the party seems to be contributing, at least in the short run, to confusion and uncertainty.

The party's "third road to Socialism," generally defined in the negative as "not the Eastern European model, nor the Western Social Democratic model," is vague and imprecise.

The older concept of Eurocommunism seems unrealistic at a time when the French Communist Party has returned to the arms of the Soviet Union and the Spanish Communists are profoundly divided.

"No more myths, no more blueprints to turn to but not a very clear alternative picture to identify with either," a young Communist complained.

### Democratic Alternative

On the national political scene, the "historic compromise" has been replaced by the "democratic alternative." In practice, this amounts to a bid for government responsibility together with other parties such as the Socialists and smaller parties at the center, which would consign the Christian Democratic Party to the opposition.

But up until now, the present policy has appeared to stand little chance. The Socialists are allied, however shakily, with the Christian Democrats and are quite happy to keep the Communists on the sidelines.

Another reason for discontent within the party is the lack of renewal in its leadership: most of its leaders have been at the party apex for the last 20 to 30 years. And even though Italy's younger generations are, in general, showing less interest in politics than their predecessors who were involved in or influenced by the radical 1968 movement, it is estimated that the membership of the Federation of Young Italian Communists declined sharply from 142,000 in 1976 to 75,000 last year.

The new-born peace movement has given back some vitality to the young Communists, but generally they are no more than a timid presence in the party. "The students today mainly think about studying, about their own future," said a 24-year-old student of political science who had been active in the Communist Youth Federation until a few years ago.

## Fiat's Sales Surprise Gloomy Forecasters

By Daniela Iacono

ROME — Disgraced in a betting scandal two years ago, Fiat, Italy's largest private company, has managed a turnaround that has impressed even the most dubious.

Like the pundits who predicted the demise of Italian soccer before Paolo Rossi brought home the World Cup two weeks ago, those who only two years ago were forecasting the collapse of Italy's biggest car manufacturer have been proven wrong.

In 1981, the turnover of the entire Fiat group rose to 22-trillion lire (about \$16 billion), compared to 18-trillion lire the year before, and investment rose to 1.13-trillion lire from 960-billion lire in 1980, and the company reclaimed its title of leader in the Common Market with 13.5 percent of total car sales.

At the company's annual meeting earlier this month, Giovanni Agnelli, the chairman, announced that the Turin-based group expects "modest" profits for 1982 — a second consecutive year in the black.

And he also expressed confidence that the group's recent streamlining and productivity gains would enable it to weather the present recession in world markets.

Fiat, the eighth largest car manufacturer in the world, with 450 diversified companies in 60 countries, was deeply troubled by spiraling union unrest, climbing worker absenteeism and plunging productivity. One Fiat worker was producing an average of 14 cars a year, against 26 at West Germany's Volkswagen and 36 at Toyota in Japan.

Productivity had fallen to about 30 percent below French and West German averages, and Fiat cars, including Lancia and Autobianchi, had lost their dominance of the Italian market, slipping from nearly 80-percent penetration in the early 60's to 52 percent in late 1980.

Even the Fiat 127, which for six years held the prized position as Europe's best-selling car, by 1979 had been overtaken by Volkswagen's Golf, Renault's R-5 and Ford's Cortina.

Today, instead, there has been a significant turnaround. Despite slumping car production throughout Western Europe, last year Fiat posted still unofficial overall profits, and in the first six months of the current year its estimated share of the Italian market has risen to 51.7 percent.

(Continued on Page 155)

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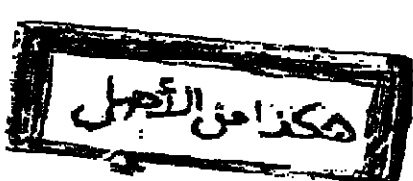
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## Focus on Italy

### Narcotics: A Violent Rise To Pivotal Role in World

By Uli Schmetzer

ROME — In just five years, bolstered by Mafia money and Mafia guns, Italy has become the major pivot of the international narcotics circuit. It supplies an estimated two-thirds of all heroin sold on the East Coast of the United States and one-fifth of the drug sold on the West Coast.

According to agents of the U.S. Drug Enforcement Administration, the bulk of the heroin comes from the clandestine laboratories of Sicily, which turn morphine base smuggled from the Far East and Middle East into pure heroin.

"Over the past year, the Sicilian connection has become a billion-dollar industry," an Italian Narcotics Bureau official says, referring to estimates that last year alone the Sicilian underworld made more than \$600 million from drugs.

The headquarters of this lucrative drug ring is Palermo, the old fortress of Italo-American Mafia deals, a city where *omertà* (silence) is the unwritten first law of life, where the tentacles of the Cosa Nostra reach into every part of industry and public life, where squelchers and enforcers are "rubbed out" with a brutality that sent this year's Mafia murder rate to 52 — many of them casualties of "family feuds" in the battle for control of the drug trade.

In the race to corner the drug trade, life has become cheap in Sicily. Three years ago, when the brotherhood decided to silence Angelo (Angelface) Favone for talking, they murdered his three-man police escort, kidnapped him and murdered him on a garbage heap.

Life has also become unsafe for those on the side of the law who would stand in the Sicilian connection's way. In 1979 and 1980, Mafia gunmen assassinated Palermo Police Chief Boris Giuliano, a judge, and a police captain. In April of this year they murdered Pio La Torre, the regional leader of the Sicilian Communist Party, who in recent years had relentlessly fought Mafia influence.

Narcotics agents who prefer to remain nameless, attribute the success of the Sicilian connection partly to these bloody methods and partly to the political troubles in Lebanon, which convinced guerrillas, terrorists and warring political factions there that they could pay gun runners with morphine, cocaine, marijuana and hashish.

The rise of the Sicilian connection is the classic tale of the man in the shoe who wants an ever bigger house. Traditionally, the Sicilians acted as smugglers of raw narcotics to Marseilles, where the French connection had its laboratories.

But some time in 1977 the godfathers of the Cosa Nostra must have decided to ditch the French connection and go it alone.

A number of French "chemists" were enticed to work in the new laboratories at Palermo. But when some of them talked, following police raids, the French technicians were quickly replaced with Italians. (A major raid in February this year closed one "refinery" but DEA agents believe there are at least six others still operating in and around Palermo.)

Even though drug addiction in Italy is still below the level of other Western countries, it is rapidly spreading. One illustration of this is the amount of drugs confiscated by Italian customs police, who believe that they get their hands on only about 10 percent of all drugs coming in and out of the country — a claim supported by American agents.

In 1977, customs police seized just half a kilo of morphine base, 63 kilos of heroin, 15 kilos of cocaine, 696 kilos of marijuana and 2,111 kilos of hashish. But last year, police confiscated 82 kilos of morphine base, 138 kilos of heroin, 63 kilos of cocaine, 615 kilos of marijuana and 10,587 kilos of hashish — mainly from Lebanon.

Another indicator, and a most chilling one, is the toll on human health and life. According to Italian Health Ministry statistics, in 1972 there were only 118 registered drug addicts here, while 10 years later that figure is fast approaching 20,000. (The real number of addicts is, however, thought to be considerably larger, with 90 percent of addicts between the ages of 18 and 25, an age group into which the majority of Italy's 1.95 million unemployed fall.)

### Cost Index Issue Splits The Unions

ROME — The complex question of Italian labor costs is raising the political temperature here, threatening both government stability and a decade of trade union unity.

The tension, which earlier this month came close to bringing down the cabinet headed by Premier Giovanni Spadolini, revolves around the question of what to do about Italy's complicated system of wage indexation, known variously as the *contingenza* or the *scala mobile* (escalator clause).

The *scala mobile*, a system of automatic quarterly pay raises in line with inflation, has long been controversial here. But last month spiraling disagreements between labor and management came to a head when, on June 1, concern over rising labor costs led the Italian association of manufacturers, *Confindustria*, to unilaterally disavow the system when it was to expire in February of next year.

#### Sacred Cow

The surprise decision, on which several other employers' organizations quickly followed suit (although political arm-twisting by the government later led public industry to reverse itself) represented an unprecedented attack on an institution that in recent years the left and the labor unions have made into the country's biggest sacred cow.

Mr. Spadolini, who had been struggling to keep the social peace, was irritated, publicly expressing "concern and regret." And several other members of the five-party coalition were also critical of *Confindustria* chief Vittorio Merloni's one-sided decision.

But this was nothing compared to the rage of the unions, whose major slogan in recent years has been "ban on the *scala mobile*. There were work stoppages throughout the country.

Within the cabinet there were sharp disagreements over tactics. The Socialist state participations minister, Gianni de Michelis, insisted the abrogation of the agreement was "anti-economic" because it would exacerbate the social climate while the Christian Democrat industry minister, Giovanni Marcora, warned of an "economic apocalypse" in the fall unless the system were immediately revised.

A ten-day political crisis followed and a government collapse was averted only by Mr. Spadolini's mediation. At the same time cracks began opening in the once-solid facade of the powerful trade union federation. With giant 3-year wage contracts up for renewal this fall, the hard-line Communist-dominated CGIL said it would not discuss the *scala mobile* until the new salary agreements had been signed. The Catholic and Socialist unions, the CISL and UIL, were instead ready to begin bargaining simultaneously on both questions.

#### Single Point System

One Communist union official in Rome confided last week that in the end the CGIL would probably be satisfied with a formal opening of the contract negotiations. But according to a UIL leader, "it is not just a methodological problem, but also a question of substance" regarding salary structure as a whole.

For some union leaders have long been concerned about the current *scala mobile* mechanism. On the one hand, they share management's view that equal automatic pay raises for all, the *punto unico* or single point system, has a flattening or leveling effect on salary differentials that constitutes a disincentive to both productivity and professionalization. On the other, too much automatism reduces the unions' own bargaining power and in recent years may have had a negative effect on membership levels.

In contrast, leaders of *Confindustria* — who first wanted to end the *scala mobile* agreement in June, 1981, but were dissuaded by Mr. Spadolini's promises of government-sponsored negotiations on the issue — are united in their belief that there must be a new agreement if the new industrial contracts are to make economic sense.

They accept the concept of an escalator clause. But according to Mr. Merloni, it is necessary "to define a new understanding that eliminates the defects and distortions of a mechanism that penalizes the entire economy."

*Confindustria* spokesmen admit that a large part of current Italian labor costs represent employment taxes and other social charges that have nothing to do with the amount the worker takes home.

But there is little doubt that the effect of the *scala mobile* on salaries has become increasingly burdensome and currently represents the largest component in most workers' wages. The present system, based on the labor management agreements of 1975 and 1977, uses a cost-of-living index on a basket of goods and a basic index of 100 derived from prices in the fall of 1974.

Each increase in the cost of living triggers a certain number of points in the *scala mobile*, and provides 2,389 lire in additional pay (about \$1.75 at current exchange rates). In 1980 there were 38 points, in 1981, 44, and so far this year there have been 21. The total number of points since 1975 is 209.

—S.G.

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### Banking: Outcry for New Rules

Special to the IHT

ROME — The head offices of Banco Ambrosiano, at 2 Via Cavour in Milan, provide a face of neoclassical and rather solid respectability to Italy's largest and best known private sector bank.

But facades do not always express reality. Earlier this month, the Italian monetary authorities hurriedly mailed together a makeshift business to save off Ambrosiano's possible collapse under an avalanche of scandals.

The business was composed of six banks, from the public and private sectors, which undertook to provide adequate short-term liquidity to Ambrosiano, faced with still unquantified but potentially huge losses on overseas lending by foreign subsidiaries.

Recent events have revealed that the Ambrosiano Bank has been suffering from schizophrenia. On the one hand, there is the solid financial institution, founded in 1896, with its current 107 branches and a "controlling interest" through its subsidiary La Centrale Finanziaria. — In some of the richest regional banking and insurance houses of northern Italy. Then, there is the creation of Ambrosiano's Roberto Calvi, who was found dead in London two weeks ago. This latter group consisted of a warren of overseas holding companies, subsidiaries and associates characterized by a tangle of cross-holdings and byzantine intragroup dealings.

It was about this Ambrosiano that Treasury Minister Beniamino Andreatta spoke on July 2, when in a 34-page statement he unraveled a convoluted tale of crimes, mysteries and unsolved investigations better suited to detective fiction than the pin-striped world of respectable finance.

Mr. Andreatta's speech threw into harsh relief the inadequacy of Italian banking laws, the apparent irresponsibility of Italian bankers deeply involved in Ambrosiano's foreign dealings, and, indirectly, the inexplicable hesitancy of Italian officials confronted by Mr. Calvi's obdurate secrecy.

He spoke of four years of unexplained inquiries and pressures from the Bank of Italy regarding Ambrosiano's assets of management reforms. He spoke of Mr. Calvi's conviction a year earlier for "massive currency-control violations, of fraud charges against his business associate, Bruno Tassan Din, and of tax investigations regarding Ambrosiano's new vice president, 'Orazio' Bagnasco. He also gave a detailed account of Mr. Calvi's flight from Italy and his death, of the suicide of his secretary shortly after his disappearance on June 10 and of the still unexplained shooting and wounding last April of Mr. Calvi's deputy, Roberto Rosone.

But the highlight of his speech was the announcement that government commissioners were quizzing the Vatican's Istituto per le Opere di Religione about its dealings with the bank. Although the IOR is listed as having only a 1.38 percent share in Ambrosiano, making it its fourth largest single shareholder — Mr. Andreatta described the Vatican's relationship with Ambrosiano as a "de facto" partnership in various overseas operations.

He asked the Vatican to accept responsibility for more than \$1 billion of loans made by Ambrosiano's Latin American subsidiaries reportedly on the strength of IOR letters of patronage. But the head of IOR, Archbishop Paul Marcinkus, who since has resigned, refused, reportedly agreeing to cover only one outstanding loan of \$250 million and thereby ultimately making necessary the Italian salvage operation.

However, the unclear role of the Vatican's top financiers in some decidedly murky offshore dealings is hardly the only questionable aspect of the Ambrosiano mad drama. The Calvi Ambrosiano, with a disturbing capacity of making funds disappear at one point and then pop up again at another, was an organization strictly controlled by the successive bankers.

Central Bank investigation investigating Ambrosiano's affairs from 1978 onward did little more than repeatedly express dissatisfaction with the replies received, and for the past year the bank was allowed to openly flout Central Bank instructions to reorganize its activities.

### New Terrorists: A Change In Style, Inspiration Noted

(Continued from Page 14S)

the difficulty turning state's evidence, especially under the pervasive influence of substantially reduced sentences. And according to recent Interior Ministry sources, in recent years about 350 former terrorists have decided to cooperate.

Their revelations, especially those of 28-year-old Patrizio Peci, the first Red Brigades "penitent" have been largely responsible for recent police successes.

#### 360 Still at Large

Latest police figures, drawn up May 31, estimated that only 360 terrorists are still at large, 280 of them leftists, 80 from rightist bands.

"Of course, these are not all big names," a police spokesman said. "Of the known leftist leaders, there are only Barbara Balzani, Sergio Segio and four or five others still at large."

More than 1,500 convicted and suspected leftist guerrillas are now in jail, as are nearly 500 rightists. Since the beginning of the year, police have arrested about 750.

In the last few months, there have been fewer crimes and the police have also managed to keep abreast of political terrorism, often catching perpetrators within a few days of their action.

A few days after the murder in April of Raffaele del Cogliandro, a leading Naples political figure, the police arrested the suspects and recovered a large deposit of weapons stolen in February from a military depot at nearby Capovetro.

On May 5, policemen killed Giorgio Vale, a rightist, and arrested four of his accomplices in a shootout. The next day, Vale's companions avenged his death by murdering a Rome policeman. Officials already have five persons in custody for the killing.

On the other hand, no progress has been made so far in tracking down the murderers of two young Rome policemen, hired into a trap on the night of June 8.

The sheer numbers of arrests, hideouts discovered and arms deposits exposed point to the magnitude of the problem and of the terrorists' — particularly the Red Brigades — ability to attract new recruits.

"Terrorism is a mid-term and long-term phenomenon in Italian society," Mr. Ferrarotti said. "We are still in the middle of it." He conceded that the strongly ideological, militarily planned early phase might be over. "But an endemic movement against the state by force — we should be more careful about saying that is over."

According to Mr. Ferrarotti and many of his colleagues, the deep-rooted causes of terrorism still exist: a static society, deep-seated political frustration, rampant youth unemployment, an unpromising future. "If we do not solve the problem of youth unemployment," the sociologist said, "I can conceive of gangs of juvenile delinquents, perhaps even organized along paramilitary lines, terrorizing Italy."

Police have long known of links between urban guerrilla groups and organized crime. And it is perhaps significant that bands like the Naples Camorra and a Calabrian group have grown in power as what might be called formal terrorism has declined.

The two areas have many aims in common. "The Camorra has a destabilizing influence on the state," Mr. Ferrarotti said, "which coincides with the major purpose of terrorism."

The company has also started pouring money back into the car side of its operations and a conscious effort to improve quality is apparent in the new 127s and Stradas, the overhauled 131s and 132s and the immensely popular Panda model.

The Tipo Uno, the new small car Fiat hopes will become the 127 of the 80s, is soon to be unveiled. Fiat has also gotten rid of its loss-making Argentine car affiliate, Sevel, and is waiting for the ratification of an agreement that will transfer most of its Teksid steel division to the Italian state-owned Finsider.

### Fiat's Sales Surprise the Forecasters

(Continued from Page 14S)

Compared to 1980, when Fiat lost about \$100 million on its car operations and about \$172 million in total, this represents a brilliant performance, industry analysts say.

In addition, productivity has climbed about 20 percent, putting Fiat back into line with European averages. Last year saw a 21-percent sales gain and new models and different versions of existing models are rolling off the assembly lines.

"Fiat emerges strengthened from the trials of the past, more solid financially, more innovative in its products, more aggressive in commercial penetration," Mr. Agnelli said at the group's annual meeting.

How did they do it? Undoubtedly, one of the most important events was the unprecedented collapse of a five-week labor strike in 1980, which ended with Fiat's hav-

ing won the right to lay off 23,000 workers.

By slashing its work force from 350,000 in mid-1980 to just over 300,000 now — a drop of 14.28 percent in 18 months — Fiat managed to increase productivity and sales simultaneously.

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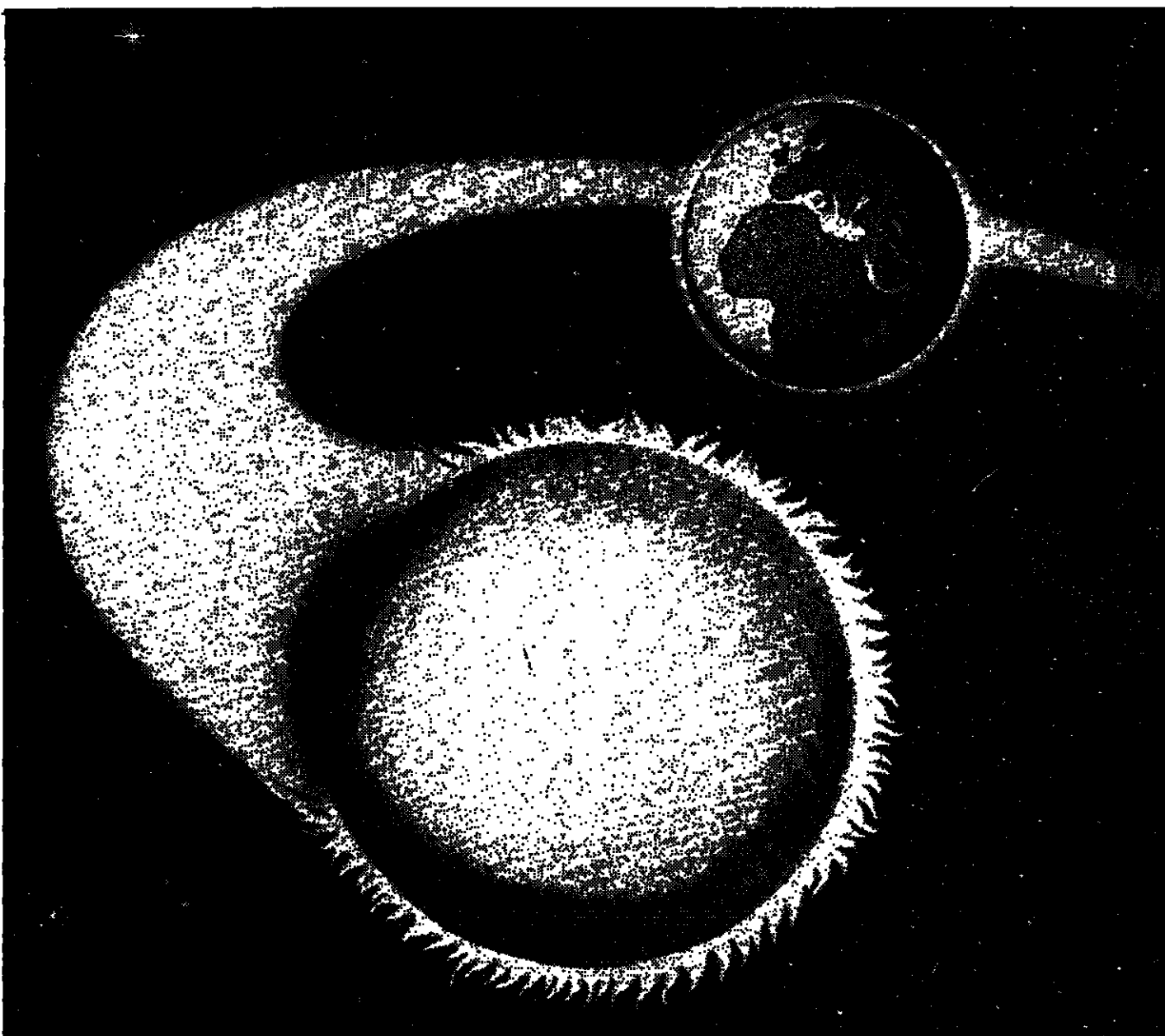
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## Sanpaolo Bank: date of birth 1563...

When the sun still revolved around the earth.

**SANPAOLO BANK**

ISTITUTO BANCARIO SAN PAOLO DI TORINO









## BUSINESS PEOPLE

### Strategic Clash at Air France

For the second time in as many days, the head of a French state-run enterprise has announced his resignation.

A day after Jean Gaudet resigned as head of Rhodé-Poulenc and issued a cutting attack on the Socialist government's policies, Gilbert Perot resigned Wednesday as director-general of Air France.

An Air France spokesman said Thursday that Mr. Perot was leaving because of "a divergence of views on certain policies and procedures within the company."

The spokesman said that while it was possible to ascribe political motivations to the action, "it doesn't seem to be political to us."

The French press indicated that in the last few months, tension had built up between Mr. Perot and the president of the company, Pierre Guéhenne. The difficulty between the two was reported to concern strategy for turning around last year's 378-million-franc (\$55 million) loss.

Henri Sautou, the company's secretary-general, was named to take Mr. Perot's place.

Mr. Perot, 55, will return to the Ministry for External Relations, where he began his career, having served as an envoy to Aden-Abeba in 1959 and to Algiers in 1962. He joined Air France in 1967, and was named director-general in 1974.

Under his leadership, Air France inaugurated its superjumbo Concorde service and developed the low-cost vacation fares.

Mr. Sautou, 59, has spent his entire career at Air France. He joined the company in 1947, and has been secretary-general since 1974.



Gilbert Perot

## MGM Hopes Rest on Banks, Box Office

By Thomas C. Hayes

New York Times Service

LOS ANGELES — MGM/UA Entertainment, its recent past littered with richly mounted box-office failures, is now going to try to attract moviegoers with more tightly budgeted films.

Although MGM/UA clearly is gaining breathing room with two of the summer's bigger hits, "Rocky III" and "Poltergeist," industry analysts, film producers and executives at rival studios said a new goal of averaging \$7.5 million in costs per film, down from the industry norm of \$10 million, would make it more difficult for the company to produce the winners needed to lighten its burdensome \$670 million in long-term debt.

A group of banks, led by Bank of America, loyal and longtime lender to MGM/UA's controlling stockholder, Kirk Kerkorian, imposed the belt tightening as part of a new, \$525-million loan agreement announced last week.

Executives at other studios, as well as independent producers, said privately that the budget constraints and the confusion surrounding the ouster of David Geismann as production chief would make producers wary of bringing new projects to the MGM and United Artists studios.

"I don't think many high-powered motion picture people are going to be too excited about walking into MGM right now," said Arthur E. Rockwell, an analyst with Crowell,

Scoreboard on MGM's Five Current Films				
MGM/UA	Estimated Production Costs (\$ million)	Gross Box Office Receipts To July 18 (\$ million)	Ratio of Box Office to Production Costs	Number of Theaters Showing Film
Rocky III	\$15	\$85.9	7	1,240
Poltergeist	10	47.5	6	1,030
Victor Victoria	15	23.9	17	214
Diner	5	5.4	19	171
The Secret of NIMH	**	1.8	2	708

\* Do not include marketing costs, which average \$5 million per film.  
\*\* MGM/UA did not produce the film, and is only distributing it.

Source: The New York Times estimated production costs, all other data from MGM/UA.

Weedon & Co. "They are just too obsessed with financial problems."

But there are those in the financial community who have confidence in the company's prospects. Indeed, Ralph Kuhns, the Bank of America's vice president in charge of loans to the film industry, argued that MGM/UA is relatively close to a solid financial footing.

The planned sale of its pre-1950 Warner Brothers films and its United Artists music publishing business, announced last month, will bring in more than \$100 million in cash, Mr. Kuhns said.

The company also has about \$500 million worth of contracts for future use of its movies and television programs, the income from which will not begin to appear as assets until 1984.

Moreover, Mr. Kuhns said, the company has already financed more than \$500 million worth of films that have been produced for future release.

"Even if they just break even, that alone will enable them to pay down their debt," Mr. Kuhns said. Another banker, who helped arrange the new debt pact, added, "I think it is a quick turnaround situation."

## EEC Offers to Cut Steel Sales to U.S. To End Trade Fight

Compiled by Our Staff From Dispatches

BRUSSELS — The European Economic Community offered Thursday to reduce its steel exports to the United States in a last-minute proposal to end a trade dispute threatening transatlantic relations.

"We don't accept the U.S. calculations," he said.

The four countries that have offered to reduce their U.S. market share are those facing the highest duties, which ranged from 0.5 to 40 percent according to the degree of alleged subsidy on the carbon steel products involved.

Sir Roy said more than two million metric tons of EEC steel exports to the United States would be jeopardized if the provisional duties were confirmed.

He made it clear that this was more or less a final offer from the EEC, commenting that it was a bit late for further negotiations.

According to EEC figures, the proposed 10 percent cuts would leave the four countries with a market share of between 0.3 and 3.5 percent in the products concerned — structural steel, hot rolled sheets, wire rods, cold rolled sheets, plates and hot-rolled carbon bars. They did not include the pipe and tube products that Washington has been pressing to include in an accord.

Sir Roy said the EEC countries exported 3.8 million tons of steel to the United States in 1981, winning 6.5 percent of the U.S. market in the seven major steel products subject to the duties. He said that under the proposal the EEC market share in the United States should drop to between five and six percent in the next few years.

This compares with U.S. offers of about 52 percent in negotiations over the past two months. The community had pressed for an offer of more than six percent.

The Europeans have argued that the duties violate international free trade principles and that the administration callously disregarded the impact of the measures at a time when the European steel industry is in its worst slump.

In Washington, a Commerce Department spokesman said it is unlikely U.S. officials will be able to finish studying the EEC proposal Thursday and any official reaction probably will not come until Friday or Saturday.

The aim of the proposals, hammered out Wednesday by senior trade and industry officials, is to beat Saturday's deadline for an accord and enable the U.S. Commerce Department to suspend preliminary anti-subsidy duties imposed June 10 and scheduled to go into effect Aug. 24.

If no accord is reached by Saturday, any agreement would require the assent of the United States' hard-hit steel industry, which does not appear ready to make concessions.

"These are very reasonable proposals and we hope this will provide the U.S. with a chance to avoid all the major complications that could arise," Sir Roy said. "The clouds are darkening across the Atlantic."

Sir Roy said that despite the Eu-

ropean proposal to restrain steel exports voluntarily, the EEC would continue its efforts through the General Agreement on Tariffs and Trade, to "contest the legality" of the special duties.

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### Bankers Trust Realigns Functions

Bankers Trust Co. of New York has created what it calls a "banking function," which will be headed by Philip M. Hampton, an executive vice president. The unit embraces the bank's U.S., world corporate and international departments, which previously reported individually to the president, John W. Hamon Jr.

Mr. Hampton was also appointed to Bankers Trust's management committee. Succeeding him as head of the bank's U.S. department is Joseph A. Mangano Jr., who was also elected an executive vice president.

Ralph L. MacDonald has become an executive vice president and head of the bank's world corporate department. He succeeds Charles M. Canal Jr., head of the new administration "function." John L. Murphy succeeds Mr. MacDonald as head of the employee benefit division of the fiduciary department. Mr. Murphy formerly was senior vice president in the U.S. department.

John Triv, previously senior vice president and deputy head of the resources management department, was appointed an executive vice president and head of that department. He succeeds Charles S. Sanford Jr., who was announced last month, will succeed John W. Hamon Jr. as president of the bank when he retires on Jan. 1.

Bankers Trust also has named Anthony R. Montemurro head of the Northern Europe division of its world corporate department, U.K.-Europe group. He will be based in Frankfurt, Mr. Montemurro, previously based in Manila as head of the Southeast Asia division, succeeds Horst Schmees, who was transferred to the bank's international department.

### Other Appointments

John F. Hinch has been appointed managing director of Heinz U.K., a subsidiary of H.J. Heinz Co., a Pittsburgh-based food concern. On Dec. 1, Mr. Hinch will succeed Richard L. Beattie, who has been named president of Star-Kist Foods Inc., a Heinz subsidiary in Long Beach, Calif. Mr. Hinch currently is head of subsidiary operations at Heinz U.K.

Russell Zehnder was appointed to the new position of head of the syndication department of Credit Suisse First Boston in London. Mr. Zehnder currently is with Credit Suisse in Zurich. George Ball has joined the London operation as syndicate manager and deputy to Mr. Zehnder. John Pater will be in charge of new issue settlements and accounting at CSFB, along with Kevin O'Neill. Jim Best will serve as the syndicate and new business liaison officer with First Boston.

John Fey has been named chairman of National Bank of North America, a New York-based subsidiary of National Westminster Bank of London. Mr. Fey, previously chairman of Equitable Life Assurance Society (USA), succeeds John Vogel, who retired. In addition, William Kasper, president of the New York unit, was appointed chief executive officer, succeeding Thomas Frost. Mr. Frost returns to London as general manager of National Westminster's Business Development Division.

Robert Wallace, who formerly was senior executive vice president, has been appointed to succeed Mr. Kowles as chief operating officer. Also, George Cutler has been appointed an assistant general manager of National Westminster Bank's International Banking Division, effective Oct. 1. Mr. Cutler currently is regional general manager, United Kingdom, International Division. He will succeed Terry Green, who has been named deputy general manager of National Westminster's International Division.

William Naim Lipscomb Jr., a Harvard professor and researcher who was awarded the 1976 Nobel Prize in chemistry, was appointed to the board of Midland, Michigan-based Dow Chemical Co.

Pierre Theriault, executive vice president of technical and product development for the French automaker Renault, was elected to the board of American Motors Corp. He fills a vacancy created by the resignation of Rudolph R. Lambert, formerly Renault's vice president for North American operations. Mr. Theriault is a member of Renault's executive committee, reports to Renault's chief executive, Bernard Hoes, Renault owns 46 percent of Southfield, Michigan-based AMC.

Named senior representative of the Paris representative office of Irving Trust Co. was Jean D. Zattler. He succeeds William Leute, who served as the bank's Paris representative. Mr. Leute has taken a position with Irving Trust in New York. Mr. Zattler formerly was based in Lausanne as chairman of Banque Intercommunale de Gestion. Irving Trust is a subsidiary of New York-based Irving Bank Corp., a bank holding company.

John S. Gray has been appointed president and Timothy Wilson director, finance of American Express Overseas Credit Corp., a new subsidiary of New York-based American Express Co. that serves as the company's international financing vehicle. Mr. Gray and Mr. Wilson will be based in the mid-Jersey head office. They previously were in Amer's credit control department in Brighton.

C. R. Clancy, a senior vice president of Riggs National Bank of Washington, D.C., has been appointed general manager of the bank's London branch. He succeeds William Ryland, who returns to the bank's head office. Mr. Clancy previously was based in Washington, where he was in charge of the bank's corporate division.

## Aetna Life to Purchase Samuel Montagu Stake

Compiled by Our Staff From Dispatches

LONDON — Aetna Life & Casualty Co. has agreed in principle to acquire a 40-percent interest in the merchant bank Samuel Montagu & Co. from Midland Bank of London for \$66.1 million (\$115 million), Aetna and Midland said Thursday.

Aetna will acquire 40 percent of Samuel Montagu, among the five largest merchant banks in Britain, with assets of over \$2 billion.

Aetna and Midland also agreed to provide \$40 million of additional capital to Samuel Montagu over a period of years to expand its business, the companies said.

Midland's chairman, Sir Donald Barron, told a news conference in London that the deal would give Samuel Montagu a "quantum leap" in developing new markets, as well as direct access to new

sources of funds and access to U.S. clients.

Midland said the transaction, which has been cleared by the Bank of England, is expected to be completed in 60 to 90 days.

Aetna, the largest publicly-owned insurance and financial services organization in the United States with assets of \$40 billion, said it plans to issue \$200 million of cumulative floating-rate preferred stock to help finance the purchase of Montagu.

Analysts in London said the announcement was in keeping with Samuel Montagu's more aggressive image since the appointment in 1980 of Steffen Gadd as chairman.

Market Holiday.

Banks and markets in Singapore were closed for a national holiday.

## Exxon Second Quarter Profit Off 51%

Compiled by Our Staff From Dispatches

NEW YORK — Exxon led a number of major U.S. oil companies Thursday in reporting sharp declines in second-quarter profit.

Exxon, the world's largest oil company, reported a 51.5-percent drop in second-quarter earnings, while Texaco said its profit for the same period had fallen by 44 percent.

Both Exxon and Texaco are members of the Arabian-American Oil Co. They have been hurt in recent months as world oil prices have fallen below \$24 a barrel because, while the Saudi Arabian official price has remained at that level.

Standard Oil of Indiana (Amoco) reported a 35 percent drop in earnings for the second quarter, while Standard Oil of Ohio, a major domestic oil producer, said its

income in the April-June period dipped 1.2 percent.

In sharp contrast, Ashland Oil, the biggest U.S. independent refiner, said its profit in the latest quarter increased more than fivefold from the same three-month period in 1981.

Clifton C. Garvin Jr., chairman of Exxon, said the company earned \$885 million, or \$1.02 a share, in the three months ended June 30, compared with \$1.83 billion, or \$2.11 a share, in the comparable 1981 quarter.

Revenue slumped 8 percent to \$25.26 billion from \$27.47 billion a year ago.

"These lower revenues and earnings reflect, generally, a continuation of the depressed economic environment in which Exxon has operated over the past 12 months," Mr. Garvin said.

Mr. Garvin said the company was hurt by reduced demand for petroleum and chemical products and said Exxon was embarked on a belt-tightening campaign that included a re-examination of its 1982 capital spending plans.

The company's net income for the quarter was reduced by \$106 million as a result of its decision in May to "mothball" its Colony oil shale project in western Colorado. Exxon said it was halting construction at Colony because of rising costs and an uncertain outlook for energy prices.

More than offsetting the \$106 million Colony charge, however, were gains of \$118 million from a reduction in inventories and \$173 million from foreign currency translation. The currency translation gain was far less than the \$588

million reported in the second quarter last year.

Exxon said its earnings for the first half of 1982 totaled \$2.13 billion, or \$2.45 a share. That was a drop of 37.9 percent from the \$3.43 billion, or \$3.96 a share, earned in the first half of 1981. Revenue dropped from \$57.79 billion.

Texaco, the third-largest U.S. oil company, said its earnings for the second quarter were \$305 million, or \$1.17 a share, compared with \$556 million, or \$2.09 a share, a year earlier.

Sales fell to \$11.5 billion from \$14.9 billion.

For the first half of the year, it said, profit was \$672 million, or \$2.58 a share, versus \$1.21 billion, or \$4.54 a share, in the first six months a year ago. First half sales

(Continued on Page 19, Col. 3)

## Rally Fades on NYSE; Prices Finish Mixed

Compiled by Our Staff From Dispatches

NEW YORK — Prices on the New York Stock Exchange closed mixed Thursday after a mid-afternoon rally faded amid continued pessimism about the economic outlook.

The Dow Jones industrial average dropped four points in the morning, later regrouped to stand 34 points higher, then turned down again to finish off 0.19 at 332.00. Other indices were fractionally higher, and advances led declines by about 750 to 650. Volume slumped to 53.9 million shares from the 66.8 million traded Wednesday.

The rally was sparked by rumors that Salomon Brothers economist Henry Kaufman had altered his interest rate forecast.

Mr. Kaufman repeatedly has forecast that long-term interest rates will reach record highs and that short-term rates will also rise, although not to previous highs.

Salomon Brothers would not comment on the rumors, which also caused the credit markets to firm, and the rally eventually ran out of steam.

Late in the day analysts said it appeared that if Mr. Kaufman had changed his forecast, the change was not a substantial one.

Analysts said that even with interest rates coming down, investors continue to worry about the firm hold the recession appears to have on the economy.

The government, in a surprising preliminary report, said Wednesday the second-quarter gross national product rose 1.7 percent a month after the Commerce Department indicated it would rise 0.6 percent. But analysts remain divided on whether the recession has bottomed.

The Commerce Department said new orders for durable goods fell 1.6 percent in June after a revised 1 percent decline in May. The de-

partment initially said that durable goods orders rose 1.4 percent.

The bond market rallied after the rumors of Mr. Kaufman's change of heart. Also helping short-term paper was a rumor that an unnamed bank might fail.

More than \$1 billion in new U.S. bonds have been issued this week, dealers said, following Federal Reserve credit easing. The easing has sent the bank prime lending rate down to between 16 and 16 1/2 percent and raised hopes the housing industry would revive.

The selling pace on the bond markets has been hectic, dealers said.

But still money managers are trying to determine if the year-old recession has bottomed and if an economic upswing was emerging.

"Basically, the stock market is marching in step with the long-term bond market," said Leon Cooperman, partner in charge of investment research at Goldman, Sachs & Co. "Last June 18, when the Dow bottomed at 789, long-term Government bonds were yielding 14.2 percent. With the Dow at 832, the long bonds are yielding 13.3 percent."

Some traders were taking profits they made in the recent runup while institutions still were anxious to jump onto a summer rally bandwagon because they're loaded with cash.

The market was also undercut by a string of dismal corporate earnings reported this week, including sharply lower results issued by several oil companies Thursday.

Exxon, Standard Oil of Ohio, Texaco, Louisiana Land and Standard Oil of Indiana all reported lower earnings. On the NYSE floor, Exxon still managed to gain 1/4 to 27 in heavy trading; Sohio added 1/2 to 29; and Amoco was unchanged at 36 1/4.

### CURRENCY RATES

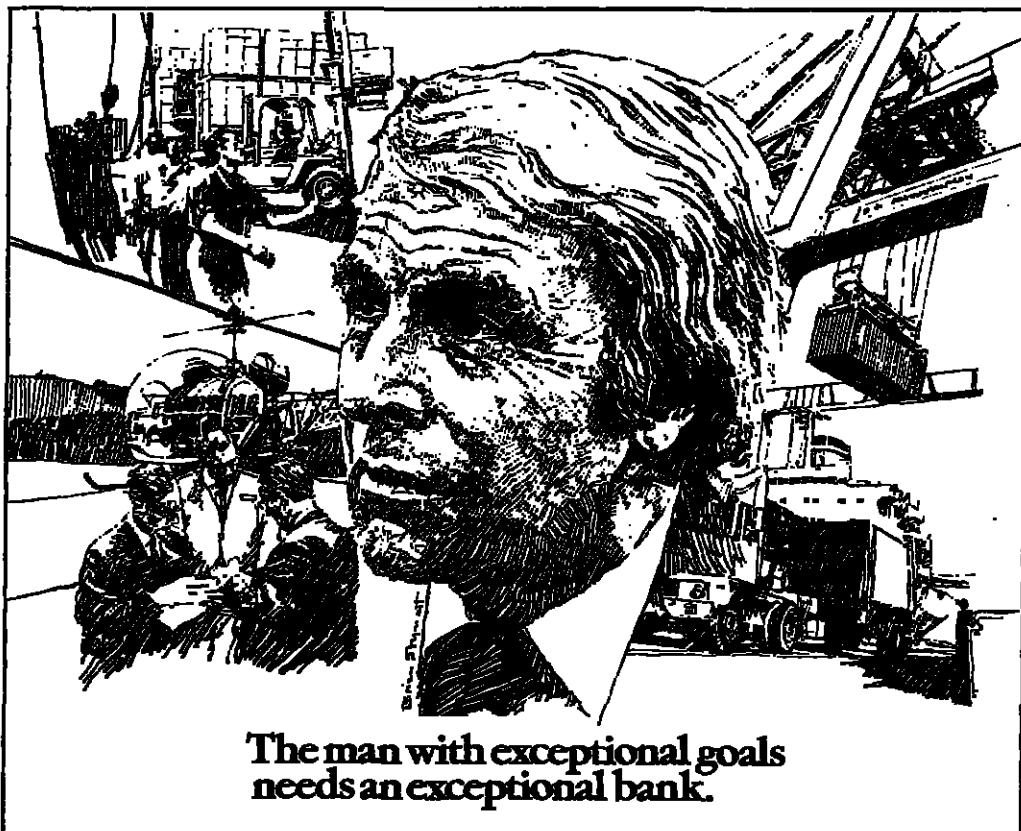
Interbank exchange rates for July 22, excluding bank service charges.

	\$	£	D.M.	F.F.	Y.F.	G.W.	S.F.	S.P.	D.R.
Amsterdam	2.4715	4.701	116.41	6.4937	1.987	17.34	5.342	22.475	5.395
Frankfurt	2.4715	4.701	116.41	6.4937	1.987	17.34	5.342	22.475	5.395
London	1.7440	—	—	—	—	—	—	—	—
Madrid	1.3675	2.0825	201.55	201.55	201.55	201.55	201.55	201.55	201.55
Paris	6.78	11.84	278.36	—	4.9958	202.00	14.082	22.46	90.67
Zurich	2.6325	2.6325	84.785	30.44	1.039	76.74	4.4672	—	34.95
1 BCU	0.9683	0.9683	2.289	4.654	1.2343	2.682	4.47	2.005	8.407
1 SDR	1.0941	0.6282	2.47	7.734	1.4914	2.6512	30.929	2.585	1.227

\$ South, U.S. Currency Per U.S. \$1.00. Y.F. Israeli shekel 25.37. G.W. Japanese yen 351.39. S.F. Swiss franc 2.00. S.P. Spanish peseta 166.64. D.R. Dutch guilder 2.2037. F.F. French franc 6.55. Y.F. Israeli shekel 25.37. G.W. Japanese yen 351.39. S.F. Swiss franc 2.00. S.P. Spanish peseta 166.64. D.R. Dutch guilder 2.2037.

1 BCU = 1.3363 Irish L. 1 SDR = 1.3363 Irish L.

(a) Commercial bank. (b) Amounts needed to buy one pound. (\*) Units of 100. (\*\*) Units of 1,000.



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RNB — an exceptional bank for the man with exceptional goals.

RNB: US\$ 8.7 billion in total assets; US\$ 678 million in stockholder's equity, as of June 30, 1982. TDB Holding Group: US\$ 12.1 billion in assets; US\$ 920 million in capital and loan funds employed, as of December 31, 1981.

Republic National Bank of New York — the 25th largest bank in the USA, ranked by order of deposits. Affiliates and representatives in Geneva, London, Luxembourg, Monte Carlo, Paris, Hong Kong, Singapore and 19 other cities around the world.

## Republic National Bank of N.Y. Member of Trade Development Bank Holding Group

Shown at left, head office of Republic National Bank of New York, at 492 Fifth Avenue. Republic now has 52 branches in the New York area.

Member FDIC







## BUSINESS BRIEFS

### Justice Opposes Pabst Acquisition

WASHINGTON — The Justice Department said Thursday that it is prepared to go to court to challenge the proposed acquisition of Pabst Brewing by Irwin Jacobs, a Minneapolis businessman and a leader of a group of dissident Pabst stockholders, because it could create serious antitrust problems.

The takeover attempt by the Minneapolis businessman would result in the concentration of the G. Heileman Brewing Co. brand in the Midwest and mid-Atlantic, the department said. The Jacobs-controlled JMSL Acquiring Co. is attempting to purchase the Pabst stock and then sell certain assets of Pabst to G. Heileman Brewing.

The department said it would file a civil antitrust suit if the acquisition were completed.

### VW, Nissan Confirm Auto Venture

TOKYO — Volkswagenwerk chairman Carl Hahn and Nissan Motor president Takashi Ishihara, during two days of talks here, have confirmed an agreement to jointly produce VW-designed cars in Japan for sale in Japan, Asia and the Pacific region, a Nissan spokesman said Thursday.

VW and Nissan last September signed an agreement in which VW's front-drive Santana cars will be produced at a monthly rate of 5,000 at Nissan's assembly plant near Tokyo starting October, 1983. VW will supply the engines, transmissions and steering.

Industry sources said the two auto leaders are believed to have discussed the possibility of extending their cooperation to production operations in third countries, such as the United States and Brazil.

### Mitsubishi Seeks Plant in Portugal

TOKYO — Mitsubishi Corp. and Mitsubishi Motors have asked Portugal to approve an investment in Portugal's Univas to produce Mitsubishi-designed trucks in Portugal, Mitsubishi Corp. said Thursday.

The company said the project calls for each Mitsubishi company to invest 230 million yen (\$1.32 million) in Univas to construct a plant capable of building more than 3,500 trucks a year beginning in 1984. Trucks produced in Portugal would be marketed locally and later in Western Europe and Africa, Mitsubishi Corp. said.

Industry sources in Japan said the proposed joint firm will be 50 percent owned by Univas, a sales agent for Mitsubishi trucks, with the remainder to be shared equally by the two Mitsubishi companies.

### AMCA's Ready to Buy Giddings

HANOVER, N.H. — AMCA International said Thursday the required waiting period covering its \$30-a-share offer for Giddings & Lewis Inc. has expired. The company said it intends to start buying Giddings shares after Monday in accordance with the terms of the offer.

### Pan Am Says Braniff Talks Ended

NEW YORK — Talks on joint operations between Pan American World Airways and grounded Braniff International are "dead," according to Pan Am Chairman C. Edward Acker.

Pan Am was one of eight airlines that had exploratory discussions with Braniff, which ceased operation May 12 and filed for protection from its creditors. Discussions on any arrangement with Pan Am have ended, Mr. Acker said Wednesday.

In Dallas, Braniff's vice president, Sam Coats, said discussions are continuing with other airlines, but declined to name them. Braniff officials have said a joint operating agreement with another carrier is Braniff's best bet for flying again.

### South Korea to Sell Stake in Banks

SEOUL — The South Korean Finance Ministry said Thursday the government will sell its 23.9 percent equity in the Korea First Bank and its 26.1 percent stake in the Bank of Seoul & Trust Co. in September.

The ministry said the government's shares in the two banks will be equally distributed between individuals and corporations.

## MGM Pinning Hopes On Banks, Box Office

(Continued from Page 17)

doubts about MGM/UA's ability to produce the string of winners they believe it needs to retire the debt. They also said they viewed Frank Rothman, a Los Angeles lawyer who was installed as chairman and chief executive of the company last March, as inexperienced in film production and distribution.

Mr. Kihns, on the other hand, said, "We have taken comfort with the fact that Rothman is there." He added: "The company has a firm direction, which is to pay down the debt."

The departing banks might also have reached their conclusion too quickly, according to another version of the two-month negotiations. One banker participating in the new debt agreement, who asked not to be identified, said the six defuncting banks made their decision before "Rocky III" and "Poltergeist" were released in late spring, and before MGM/UA announced its \$100 million sale of assets to Warner Communications.

"They couldn't turn around now and say 'Yes,'" he added.

Four Failures

It was Mr. Begelman who, after his departure from Columbia Pictures in 1978 in the midst of a check-forging scandal, was counted on to bring MGM/UA roaring back to a leadership role in movie production and distribution. He was named president of Metro-Goldwyn-Mayer Film in 1980, with Frank E. Rosenfeld, who rose through MGM's legal ranks, as chairman and chief executive.

Although he moved over officially to become chairman and chief executive of United Artists

after it was acquired by MGM last summer, Mr. Begelman was still regarded by much of Hollywood as the ultimate voice on any projects considered at either studio.

But after the failure last Christmas of four films approved by Mr. Begelman — "Peggy Sue," "Beverly Hills Cop," "Who's Life Is It Anyway?" and "Buddy" — rumors of his pending ouster began. A new book recounting the Columbia scandal appeared to have further damaged his position.

Bad Moves

Mr. Rosenfeld said that he was "not going to feel pressured into making a wrong decision" about replacing Mr. Begelman as head of United Artists. Meanwhile, he is reviewing new projects at United Artists with Paula Weinstein, president of its motion picture division.

Prior to Mr. Begelman's arrival, MGM/UA had already been weakened by a series of bad business decisions, according to studio executives, independent producers and analysts. They attributed the errors to Mr. Kerkorian's bad timing, as well as his misreading of how the movie business works.

First, he dismantled MGM's distribution network after gaining control in the early 1970s. The same is happening now with the United Artists foreign network, because MGM is bound to an agreement for Cinema International Corp. to distribute all of MGM's releases overseas.

## Batus Moves To Realign Organization

Compiled by Our Staff From Dispatches

NEW YORK — Four months after acquiring Chicago-based Marshall Field & Co., Batus has realigned its organization.

Batus, the U.S. arm of BAT Industries of Britain, said Wednesday that Arnold Aronson, chairman of Saks Fifth Avenue, was named president of Batus Retail division. He will be responsible for Saks, Marshall Field, Frederick & Nelson stores, and the Crescent stores.

Industry sources had speculated that the presidency of Batus Retail was likely to go to M. Ronald Ruskin, chairman of Gimbel's-based New York, another Batus Retail unit.

Mr. Aronson assumes the duties formerly held by Robert J. Susslow, who was recently appointed the division's chairman.

Angelo Arena, chairman of Marshall Field, was named vice president of Batus Retail. He will be responsible for new business ventures, merchandise development, marketing and special projects.

The remaining Batus Retail operating companies — Gimbel department stores, Kohl's food and department stores, J.B. Ivey stores, John Breaner furniture stores and Thimbles specialty stores — will report to Mr. Susslow.

Batus also consolidated the Marshall Field and Batus Retail corporate offices in New York.



Angelo Arena

Retailing sources said the dismantling of the corporate structure at Marshall Field would reduce Field's operating expenses.

Marshall Field has shown operating improvements in recent months, trade sources said, although its net loss for the first fiscal quarter ended May 1 widened to \$5 million from \$974,000 a year earlier.

The company said last month that the loss stemmed mainly from costs associated with its \$335-million merger last March into Batus and that its operating loss in the quarter was \$487,000, or half that of the year before. Revenue in the quarter declined 2 percent, to \$252.1 million.

Batus Retail, the largest unit of Batus Inc., had sales of \$2.1 billion in 1981, up 5.9 percent.

## Exxon, Texaco Report Sharp Drop in Profit

(Continued from Page 17)

were down to \$4.5 billion from \$30.3 billion.

Amoco, the fifth largest U.S. oil company, said its profit fell to \$382 million, or \$1.31 a share, for the second quarter, from \$553 million, or \$1.90 a share. Sales for the quarter fell to \$7.5 billion from \$8.1 billion.

For the first half, earnings were \$832 million, or \$2.91 a share, compared with \$930 million, or \$3.19 a share, last year. First half sales fell to \$14.7 billion from \$16 billion.

Sohio, the 14th-largest U.S. oil concern, reported net income of \$473.2 million, or \$1.92 a share, compared with \$478.7 million, or \$1.94 a share, in the same period last year. Sales fell 1.6 percent, to \$3.16 billion from \$3.21 billion.

Sohio is 53 percent owned by British Petroleum.

Alton W. Whitehouse Jr., Sohio's chairman, blamed the weak results partly on increased exploration costs.

Sohio said its profit for the first six months of the year was off 7.1 percent, to \$927.9 million, or \$3.77 a share, from \$999.1 million, or \$4.06 a share, a year earlier. Sales fell 3.1 percent, to \$6.2 billion from \$6.4 billion.

Sohio also said it expects to cut capital spending to about \$2.6 billion this year from a projected \$3 billion.

Ashland said its earnings in the April-June quarter soared more than five-fold, to \$69.1 million, or \$2.12 a share, from \$13.3 million, or 44 cents a share, a year ago. The quarter was the third in Ashland's fiscal year.

Ashland said its revenue for the quarter fell 12.4 percent to \$2.20 billion from \$2.51 billion.

Ashland said that its nine-month earnings were \$105 million, or \$2.91 a share, compared with \$40.8 million, or 72 cents a share for the first nine months of the last fiscal year. Sales for the first nine months were \$6.78 billion versus \$6.89 billion last year.

Ashland's earnings had fallen sharply in the second quarter last year as a result of the high cost of crude. It was helped this year by a drop in oil prices. This year's second quarter also was bolstered by \$20.5 million, or 68 cents a share, in one-time gains that included the sale of a 10 percent interest in Ashland Coal and the liquidation of inventories. Ashland ranks as the 18th-largest U.S. oil company.

## Ecuador Lowers Price of Oil by \$1.75 a Barrel

QUITO, Ecuador — Ecuador has cut its contract price for crude oil \$1.75 to \$32.50 a barrel.

The statement Wednesday by Jorge Pareja, the manager of Ecuador's state oil company, was the first disclosure by a OPEC member of a price cut following the organization's failure July 10 in Vienna to agree on output quotas for all 13 oil exporters.

London market analysts said Ecuador's move does not necessarily herald the price-cutting war by broad oil sales in the present surplus market, but that some OPEC leaders fear the country sells only 75,000 barrels daily of contract crude out of total OPEC output of more than 18 million.

Fadhil al-Chalabi, OPEC's deputy secretary general, admitted Wednesday that there was pressure on OPEC members to cut production and prices.

But he told a meeting in Baltimore of the Society for International Development that the current world oil glut was only temporary and there had been a reduction in abnormally high inventories held by oil companies. The Rome-based group is composed of experts on development assistance for poor countries.

## China Reports Results From Offshore Well

PEKING — China's deepest exploratory oil well in the East China Sea well has yielded good results, the Chinese news agency said Thursday.

Tests showed the area around the 4,200-meter (13,780-foot) well, about 400 kilometers (249 miles) southeast of Shanghai, has favorable oil bearing and storing conditions. Drilling began Feb. 24 and was completed June 22, the news agency said.

## Citibank Branch Approved

WASHINGTON — The Federal Reserve Board has told Citicorp of New York can conduct wholesale banking operations in Wilmington, Del. The Fed said Wednesday the branch should not be "a significant competitor" in Delaware.

## Japanese Steel Firm Studies Buying U.S. Plant

By Sam Jameson

Los Angeles Times Service

TOKYO — Nippon Kokan, Japan's second-largest steel maker, announced Thursday that a Japanese consortium led by it has begun negotiations to acquire control of Rouge Steel, a U.S. subsidiary of Ford Motor.

If successful, the talks — which will focus on price and number of shares to be purchased — would lead to the first Japanese steel manufacturing operation in the United States.

Minoru Kanoo, Nippon Kokan president, said the consortium hopes to acquire 75 percent of Ford's stock in the maker of steel sheet used in automobiles and hot and cold rolled coil. Rouge produced 3.4 million tons of steel last year for sales of \$1 billion.

Conflict over Exports

The talks have come at a time when Washington has been pressing foreign steel makers to reduce their shipments to the United States. Japan's Mitsui & Co. pleaded guilty Wednesday to illegally dumping steel products on the U.S. market and agreed to pay \$11 million in civil penalties and \$210,000 in fines.

Nippon Kokan said the consortium members are seeking to establish U.S. steel production to maintain their relationships with their U.S. customers.

Ford has "expressed a readiness to consider the offer" by Nippon Kokan, Mitsui & Co., Marubeni Corp. and "five or six" other Japanese firms, which were not identified, a company spokesman said.

The spokesman said Nippon Kokan would acquire about half of whatever bloc of stocks the consortium would buy if negotiations prove successful, while Mitsubishi and Marubeni — both large trading companies that handle steel exports — would own the largest portions of the remainder. Only minor shares would be held by the other firms, whose participation in the consortium has not yet been finalized, the spokesman said.

Mr. Kanoo refused to predict when negotiations might be concluded.

Nippon Kokan, which provides technological assistance to Rouge, said if negotiations are successful, Nippon would improve Rouge's existing facilities near Detroit, introduce new equipment, and upgrade Rouge's product quality.

Nippon Kokan owns the Fukuyama works, the world's largest

single works with an annual production capacity of 16 million metric tons.

Nippon Kokan said it believed that the U.S. steel market has "good growth potential" despite present sluggish demand.

Last year, Nippon Kokan produced 12.8 metric tons of steel and had sales of \$6.3 billion, second among Japanese steel makers in both categories to Nippon steel, the world's largest steel maker.

## Formal Export Credit Accord Set

Reuters

PARIS — The 22 member countries of the Export Credit Arrangement have come to a final agreement on a new scale of minimum interest rates for export credits, effective through May 1, 1983, the Organization for Economic Cooperation and Development said Thursday.

New minimum rates for credits to relatively rich countries range from 12.15 percent to 12.4 percent depending on the period of the credit, increased from a range of 11 percent to 11.25 percent in a six-month agreement reached last October.

Intermediate countries will be charged between 10.85 percent and 11.35 percent, compared with between 10.5 percent and 11 percent previously.

Relatively poor nations will be charged 10 percent for all periods, unchanged from the previous agreement.

Credits in currencies for which

the market rate is below 10 percent must be no less than 0.3 percentage points above the market rate, the OECD said.

The previous agreement established a minimum rate of 9.25 percent for countries with domestic rates below the agreement's scales as a concession to Japan, whose domestic rates are below this level.

The final obstacle to agreement on the new rates was the classification of Greece as a relatively rich country, OECD sources said.

The EEC had asked that Greece and Ireland, which are among the 22 participants in the arrangement, be downgraded to the intermediate category. But the sources said this was not acceptable to other participants because Greek and Irish per capita gross national products are both more than \$4,000.

Export Credit Arrangement Chairman Axel Wallen held final consultations with Greece to confirm that its retention of the relatively rich status was acceptable

before announcing the final accord, the sources added.

The previous agreement was originally due to expire in May but was extended twice as member countries failed to reach agreement on a new scale of rates.

The three categories of borrowing countries have been redefined, bringing the Soviet Union and several other countries into the relatively rich category, the OECD said.

The relatively rich category now covers countries with a 1979 per capita GNP of more than \$4,000, relatively poor for those eligible for World Bank concessional funds and intermediate countries in neither of the other two categories.

The relatively rich category previously covered countries with per capita GNP of more than \$3,000 in 1974, the intermediate category those with 1974 per capita GNP of between \$1,000 and \$3,000 and the relatively poor category those at less than \$1,000.

COMPANY REPORTS			
Revenue and profit, in millions, are in local currencies unless otherwise indicated.			
Japan	1982	1981	1980
Dai Nip. Pnt.	Revenue	20,200	19,200
	Profit	2,100	1,800
	Per Share	1.10	1.00
Burlington Indus.	Revenue	1,100	1,000
	Profit	150	120
	Per Share	1.50	1.20
United States	1982	1981	1980
Amerasia Hess	Revenue	1,200	1,100
	Profit	150	120
	Per Share	1.50	1.20
Colgate Palmolive	Revenue	1,100	1,000
	Profit	150	120
	Per Share	1.50	1.20
BankAmerica	Revenue	1,100	1,000
	Profit	150	120
	Per Share	1.50	1.20
Delta Airlines	Revenue	1,100	1,000
	Profit	150	120
	Per Share	1.50	1.20
Foremost-McKesson	Revenue	1,100	1,000
	Profit	150	120
	Per Share	1.50	1.20
Bristol-Myers	Revenue	1,100	1,000
	Profit	150	120
	Per Share	1.50	1.20
Heublein	Revenue	1,100	1,000
	Profit	150	120
	Per Share	1.50	1.20
National Steel	Revenue	1,100	1,000
	Profit	150	120
	Per Share	1.50	1.20
Rockwell Int'l	Revenue	1,100	1,000
	Profit	150	120
	Per Share	1.50	1.20
Sperry	Revenue	1,100	1,000
	Profit	150	120
	Per Share	1.50	1.20
Textron	Revenue	1,100	1,000
	Profit	150	120
	Per Share	1.50	1.20
SmithKline	Revenue	1,100	1,000
	Profit	150	120
	Per Share	1.50	1.20
Oil	Revenue	1,100	1,000
	Profit	150	120
	Per Share	1.50	1.20
Pacific Gas & Elec.	Revenue	1,100	1,000
	Profit	150	120
	Per Share	1.50	1.20
Revlon	Revenue	1,100	1,000
	Profit	150	120
	Per Share	1.50	1.20

## British Post Office Says Profits Rose Fourfold

LONDON — Britain's Post Office Thursday reported a record profit of £96.2 million (\$167.3 million) in 1981, four times more than the year before.

Profits were made on mail-handling and the National Girobank, a cheap banking service in competition with the major commercial banks. Chairman Ronald Dearing said 88 percent of letters sent at first-class postage arrived on the day after mailing and 93 percent of the second-class mail by the third day.

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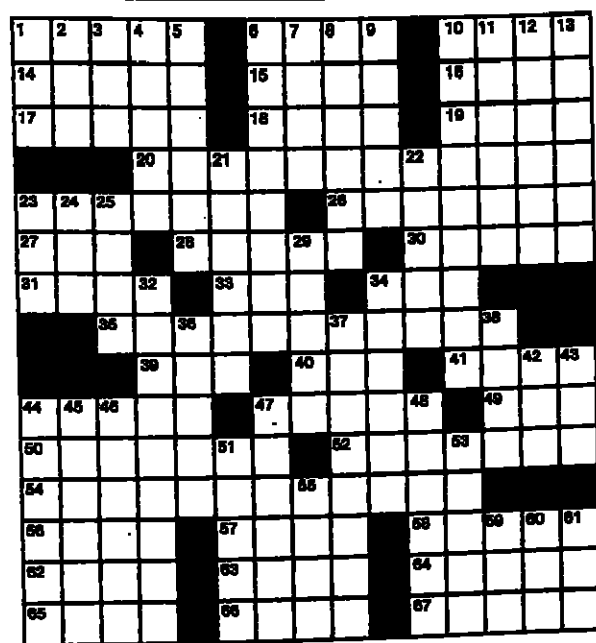
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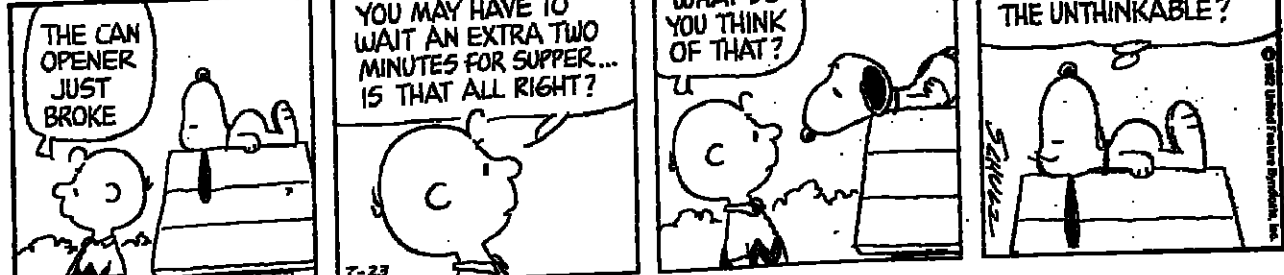


- ACROSS**
- 1 Peace
  - 6 Firmly secured
  - 10 Builder's wedge-shaped piece
  - 14 Ward off
  - 15 Sky look
  - 18 Garb for Galba
  - 17 One of the media
  - 18 Suffix in botany and zoology
  - 19 Fleecy beasts
  - 20 Virginia is one
  - 23 S. African
  - 26 Native of Susiana
  - 27 Gymnastic feat
  - 28 Ferber and Millay
  - 30 One of the Cyclades
  - 31 Guinness
  - 33 Cabinet dept.
  - 34 Female ruff
  - 35 Palm work
  - 39 Beaver construction
  - 41 Snare
  - 44 Skipper's "Stop!"
  - 47 Brother of Prometheus
  - 49 Cassiterite or bauxite
  - 50 Dyed
  - 52 Craftsman
  - 54 Concern of the E.E.C.
  - 56 Name given to Esau
  - 57 S.A. monkey
  - 58 Elevate
  - 59 "The" N.Y. canal
  - 64 Of yore
  - 65 Bushy clumps
  - 66 Cong.
  - 67 French city, to the British
- DOWN**
- 1 Willys Knight, e.g.
  - 2 Eggs for Livy
  - 3 Magritte's "Model"
  - 4 Met soprano
  - 5 Comedian's foil
  - 6 Hialeah bird
  - 7 Gas: Prefix
  - 8 Schooner gear
  - 9 Setline
  - 10 Most like a sauna
  - 11 "... Lady, my brach, Irish": Shak
  - 12 "By the Time Phoenix"
  - 13 Does a k.p. job
  - 21 Bovary's title
  - 22 Consumed
  - 24 Part of R.S.V.P.
  - 25 Buy on (take a flyer)
  - 29 "Nola" composer
  - 32 Broth
  - 34 Casual observation members
  - 36 Subway in Paris
  - 37 Stipends
  - 42 Altar in the sky
  - 43 Write
  - 44 Ictus, e.g.
  - 45 Black magic
  - 46 Light tan
  - 47 Regrowth
  - 48 Kind of alcohol
  - 51 Go in
  - 53 Where Leghorn is
  - 55 Alert
  - 59 Words of consent
  - 60 Ginza coin
  - 61 Printers' units

WEATHER

	HIGH	LOW		HIGH	LOW
ALABAMA	74	63	FLA.	74	63
ALASKA	74	63	GA.	74	63
ARIZONA	74	63	IDA.	74	63
ARKANSAS	74	63	ILL.	74	63
CALIFORNIA	74	63	IND.	74	63
CANADA	74	63	IOWA	74	63
CONNECTICUT	74	63	KANSAS	74	63
DELAWARE	74	63	KENTUCKY	74	63
DIST. OF COLUM.	74	63	LOUISIANA	74	63
FLORIDA	74	63	MAINE	74	63
GEORGIA	74	63	MARYLAND	74	63
HAWAII	74	63	MASSACHUSETTS	74	63
IDAHO	74	63	MICHIGAN	74	63
ILLINOIS	74	63	MINNESOTA	74	63
INDIANA	74	63	MISSISSIPPI	74	63
IOWA	74	63	MISSOURI	74	63
KANSAS	74	63	MONTANA	74	63
KENTUCKY	74	63	NEBRASKA	74	63
LOUISIANA	74	63	NEVADA	74	63
MAINE	74	63	NEW HAMPSHIRE	74	63
MARYLAND	74	63	NEW JERSEY	74	63
MASSACHUSETTS	74	63	NEW MEXICO	74	63
MICHIGAN	74	63	NEW YORK	74	63
MINNESOTA	74	63	NORTH CAROLINA	74	63
MISSISSIPPI	74	63	NORTH DAKOTA	74	63
MISSOURI	74	63	OHIO	74	63
MONTANA	74	63	OKLAHOMA	74	63
NEBRASKA	74	63	OREGON	74	63
NEVADA	74	63	PENNSYLVANIA	74	63
NEW HAMPSHIRE	74	63	RHODE ISLAND	74	63
NEW JERSEY	74	63	SOUTH CAROLINA	74	63
NEW MEXICO	74	63	SOUTH DAKOTA	74	63
NEW YORK	74	63	TENNESSEE	74	63
NORTH CAROLINA	74	63	TEXAS	74	63
NORTH DAKOTA	74	63	UTAH	74	63
OHIO	74	63	VERMONT	74	63
OKLAHOMA	74	63	VIRGINIA	74	63
OREGON	74	63	WASHINGTON	74	63
PENNSYLVANIA	74	63	WEST VIRGINIA	74	63
RHODE ISLAND	74	63	WISCONSIN	74	63
SOUTH CAROLINA	74	63	WYOMING	74	63
SOUTH DAKOTA	74	63			
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UTAH	74	63			
VERMONT	74	63			
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WISCONSIN	74	63			
WYOMING	74	63			

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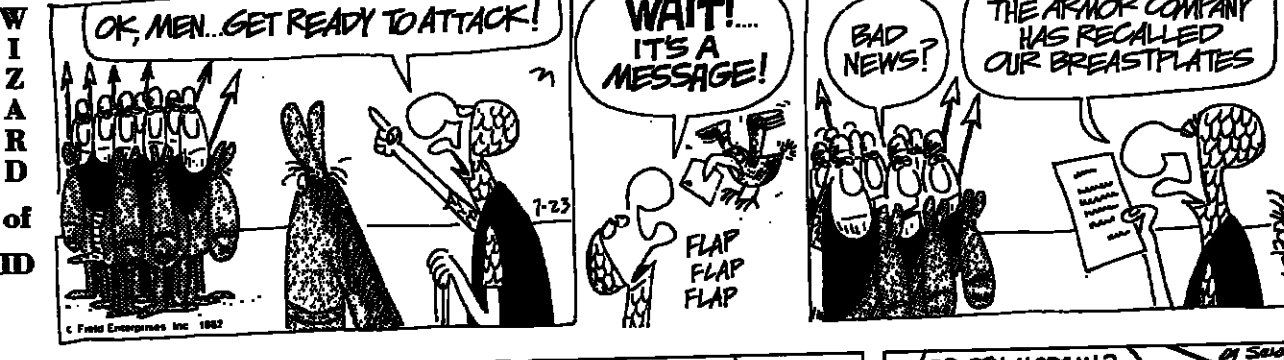
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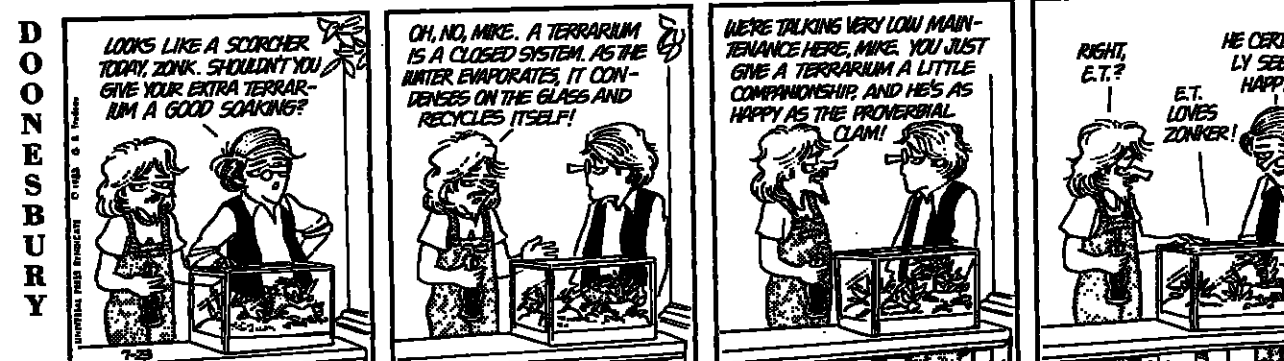
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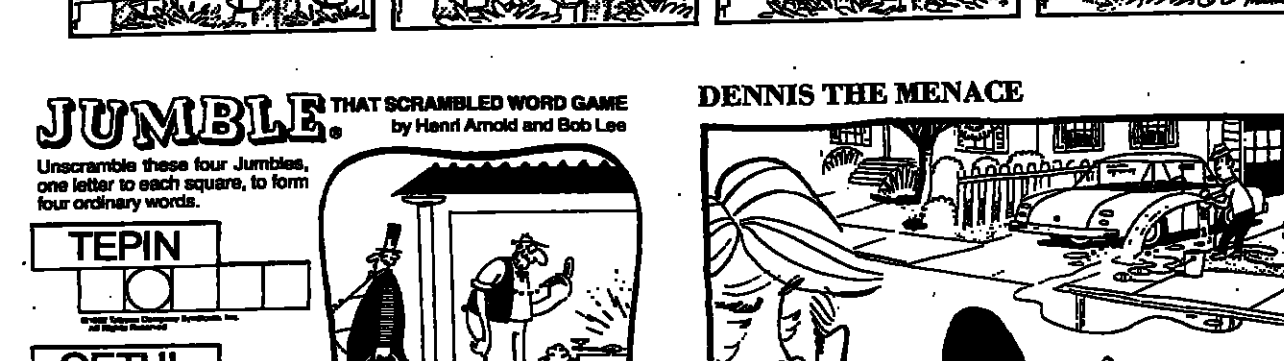
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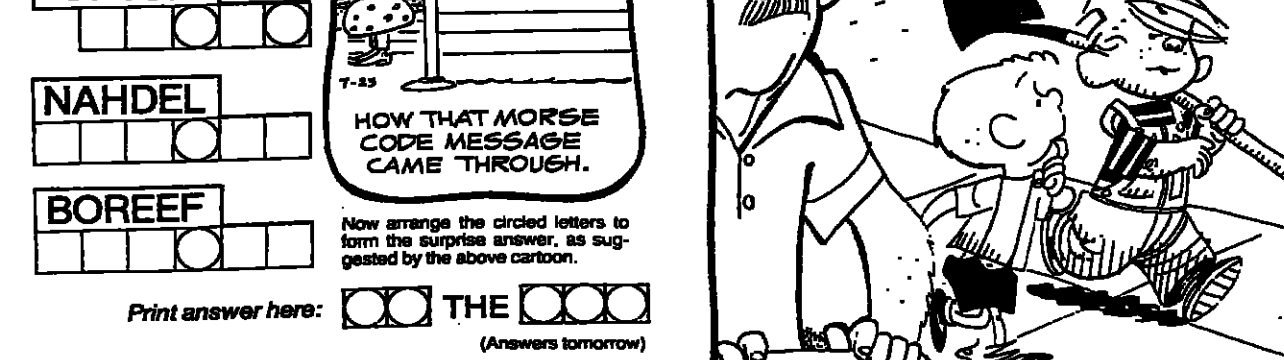
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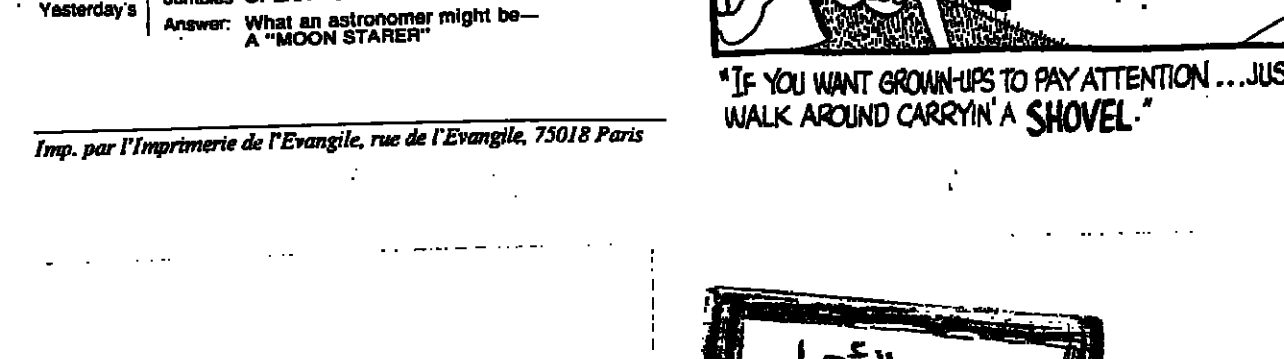
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HAIG: The General's Progress

By Roger Morris. 450 pp. \$13.95

Playboy Press, 1633 Broadway, New York, N.Y. 10019.

Reviewed by Godfrey Hodgson

RICHARD NIXON is said to have pronounced that, of the president's men, only Alexander Haig and John Connally were qualified to be president. Watergate Special Prosecutor Leon Jaworski said that for a while Haig actually was "our 37th president." Haig does not conceal his ambition to be president. He ran, or at least limped, for president in 1980. No doubt he would run again if he thought he was a credible candidate.

Indeed one of the coherent explanations for his resignation is that he could see himself being treated by the Californians in the White House as he and Henry Kissinger treated William P. Rogers, to the point where Haig's presidential prospects would fade away.

This is, however, no campaign biography. It belongs rather to that new and select category of political literature, the anti-campaign biography. In this genre, instead of the candidate smiling his way from log cabin to White House, he starts from early psychohistory through one intrigue after another.

Roger Morris watched Colonel Haig, as he then was, from close up when they were colleagues on the National Security Council staff in 1969-70. Morris, a Harvard Ph.D., was a holdover from the previous administration; he resigned, along with others, over Cambodia in 1970.

It is apparent that he did not much like what he saw of Haig in those days; and distance, and diligent research, have not lessened his dislike. Morris uses an epigraph a line from Henry James' "The American": "I may not be dangerous," he said, "but I am not wicked." It is my clear impression that Morris is more sure that the first half of that sentence applies to his subject than that the second does.

Behind Lace Curtains

The biographical background and Haig's early life behind lace curtains on the Philadelphia Main Line are sketched in surely and with some sympathy. Haig, in psychohistorical terms, came from a background that might have been designed to produce a hard, angry careerist. The parallels with the early life of Richard Nixon are striking. No doubt similar origins have also produced saints and sunny jims.

Haig's father was a rising lawyer in Philadelphia who died when the son was an adolescent. The mother was Irish, ambitious and, after her husband's death, if not poor, at least in what used to be called "straitened circumstances." Through political pull, Regina Murphy Haig became a past. Morris has an intriguing theory that the general's malapropos misadventures with words result from the fact that during World War II West Point cut back on such essentials as English.

At any rate, Haig was too young to fight Germans or Japanese. His first experience of the military profession was as an aide-de-camp at the court of General Douglas MacArthur in Tokyo. When he called his mother on the Main Line and shouted over the trans-Pacific cable, "I'm going to get married!" She shouted back, "Is the Japanese?" Mrs. Haig need not have worried. Her son married a general's daughter.

Morris interprets Haig's style in terms of the prevailing "careerism" of the post-1945 Army. It was no doubt a time of anticlimax, even of cynicism. Haig's next general, whom he served in Korea, had lost a son in World War II and used to ask his young aides bitterly, "Why are you alive and he is dead?"

The glorious victory had been won. Judged by that standard, nothing could ever be so good again. All that was left, except in the grim campaigns in Korea and Vietnam, was a sometimes sordid hunt for patronage and promotion.

Good Connections

Morris may be unjust in characterizing the U.S. Army as essentially careerist. Yet, Haig certainly was. When he arrived in the West Wing of the White House in 1969, a Pentagon

BOOKS

colonel with good connections, the civilians who stood in his way were simply no match for his bureaucratic will, hardness and sheer determination to survive.

And survive he did. The most controversial, and the most original, contribution of Morris' book is the case he deploys for believing that Haig was deeply implicated in the secret inner history of the Nixon White House. It was not just a matter of clandestine foreign policy. Haig, Morris argues, was privy to the "Track II" plotting that led to the assassination of Chile's army commander General Rene Schneider in 1970. Haig was the sole liaison between the White House and the Joint Chiefs during the secret bombing in Cambodia and was the principal advocate of massive bombing in North Vietnam, and of a punitive strike on North Korea after a Navy intelligence plane was brought down over the Sea of Japan.

But he was also involved in the internal intrigues of the White House. The myth is still prevalent that there was an impenetrable wall of separation between the "White House horrors" on the domestic front, and the foreign policy operation run by the president, Kissinger and Haig, which was in contrast noble, patriotic and above suspicion. It is a myth both Haig and Kissinger have used to advantage. Morris does not buy it, and he has got new material for the wire-taps, and on the larger issue of responsibility for the atmosphere of illegality that was the essence of Watergate.

If you are an admirer of the general, you will read Morris' account with indignation. But his broad point is compelling. It was the secrecy on which the Nixon-Kissinger foreign policy critically depended that bred obsession with leaks, and created the plumbers. It is therefore implausible that Haig, the man charged with the responsibility for security on the National Security Council staff, should not have been privy to the White House's counterespionage efforts, and incredible that he should have escaped untainted by his involvement.

Morris also argues convincingly that it was Haig who cut the deal that led to the Nixon pardon, and so to his own survival and future career as NATO commander, presidential candidate and secretary of state.

Ten years later, it is the fashion to ask of the Watergate culprits, where are they now? Haig is unstashed. Seven years after the break-in, someone did have the gall to ask him about the affair. "It is sort of ludicrous," was the general's reply. "That a decade later questions are still being asked." "Twas in another country, and besides the speech is dead."

Roger Morris has performed a service in reminding us that a public man is the sum of all he has done. The fallen secretary, the perhaps-future presidential candidate, is still the assiduous staff officer with a talent for intrigue and no great squeamishness about the dirty jobs. "He was always perfectly comfortable doing what must be done," a colleague said.

The general's progress so far casts doubt on the idea that his resignation was motivated by high principle alone.

Committee Finishes New Translation of Hebrew Scriptures

United Press International

NEW YORK — After 25 years, a committee of Jewish scholars has completed a new translation of the Hebrew Scriptures — the first of its kind in 2,300 years.

The final volume of the project, the Writings, has been released by the Jewish Publication Society of America, which earlier published the Torah, or Pentateuch, the first five books of the Bible; and the Prophets.

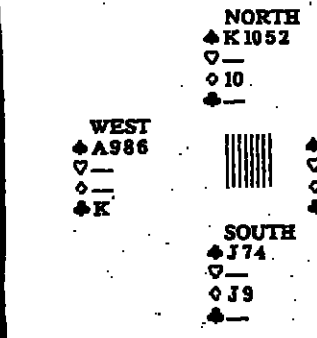
The Writings comprise Psalms, Proverbs, Job, the Song of Songs, Ruth, Lamentations, Ecclesiastes, Esther, Daniel, Ezra, Nehemiah, and I and II Chronicles.

One of the translators, Prof. Nahum Sarna of Brandeis University, described the work as the first translation direct from the original Hebrew into the vernacular by an organized commission of Jewish scholars since the Septuagint translation of the Pentateuch into Greek early in the third century B.C.

BRIDGE

By Alan Truscott

ON the diagrammed deal the singleton heart was led, and South won and drew trumps. He led his singleton club, and West put up the queen and continued the suit. East's ace was ruffed, and South cashed his heart winner, led a trump to dummy and ruffed the remaining club. The position was now this:



When South leads a spade and West plays low, South should play the king from dummy. He can be sure that West does not have both the ace

and the queen, for he would have opened the bidding.

The king is the right play if East has the queen singleton or doubleton, and wrong only if East began with a singleton ace, an unlikely holding in the light of the opening bid and the double.

North and South were vulnerable. The bidding:

West	North	East	South
Pass	Pass	Pass	Pass
DBL	Pass	Pass	Pass

West led the heart two.

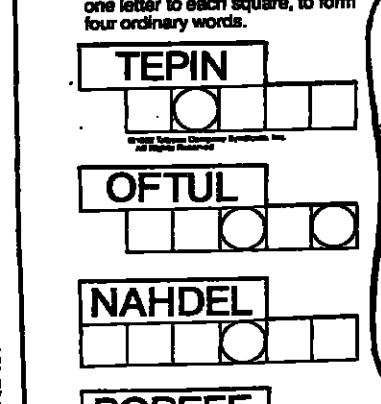
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JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.



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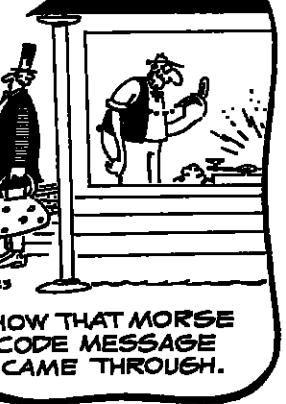
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DENNIS THE MENACE

by Henri Arnold and Bob Lee



Now arrange the dried letters to form the surprise answer, as suggested by the above cartoon.

THE

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## OBSERVER

## The Perils of Stardom

By Russell Baker

NEW YORK — People are always asking why I refuse to become a star. One reason is: I don't want to have my waffles surgically removed. It's not that I love my waffles, but that I fear surgery, particularly under the chin. I never let barbers shave me with a straight razor; I certainly don't want surgeons poking around in my waffles with a scalpel.



Baker

After I observed that stars never have waffles, I said, "No stardom for me, thank you."

I once wrote a letter to Robert Redford, a man I have never met but admire deeply because he strikes me as somebody who could make something of himself in almost any work he chose. "Bob," I wrote, "if you don't get out of the star business you're going to end up having to undergo waffle-removal surgery one of these days." Redford didn't write back.

Another deterrent was Olivia Newton-John. I have the impression that she sings, which is fine. What bothers me is that, if you're a star, you apparently have to spend evenings out with Olivia Newton-John, probably at discotheques.

I like to sit home in the evening and watch the television set, but they told me that couldn't be done if I became a star. "You'll have to be photographed at the most exclusive discos with Olivia Newton-John," they said.

"Couldn't Olivia and I be photographed napping by the television set at home?"

"Absolutely not. And what's more, no exclusive disco is going to let you in with Olivia until you get those waffles off."

What finally cinched it for me, though, was this: I was visiting a middle-aged female nonstar recently when her phone rang. A friend was calling her: "If you go out into Main Street right now, you'll see Jackie Onassis walking up the block." My hostess asked me to dash outside.

"Hurry up if you want to see Jackie Onassis," she called.

At that moment I perceived one of the worst aspects of a career in stardom. You had to be gaped at by strangers every time you went to the delicatessen. In this instance the alarm was false. "That wasn't Jackie Onassis," my hostess complained when she returned. "Just somebody who looks like Jackie Onassis."

My hostess was now miffed at the poor woman for not being Jackie Onassis and miffed at Jackie Onassis for not walking on Main Street at that moment.

I have having people angry at me, especially people I don't even know. I could imagine myself, shorn of waffles, photographed for People magazine with Olivia Newton-John, dozing contentedly beside the television set while, on the far side of the continent, some fellow who looked like me took a stroll in San Jose.

I could imagine San Jose telephones jangling, women pouring into the streets to feast their eyes on my look-alike, coming back into the house saying, "But that wasn't him at all," and disliking me because I'd let them down by not stroking through San Jose.

I'd hate to be the cause of so much disappointment, but there is an even worse possibility. What would happen when, waking from beside my television set to discover a crisis in the refrigerator, I set out to restock on beer?

Phones jangling through the neighborhood. Women pouring into the streets. To start at me. Cries of, "Yes, yes! It's him, the real article!" And afterward, in a thousand homes, the terrible judgments: "He looked years older than I expected."

"And he's so short. Not much taller than this" — a gesture of hands at chest level. "Nowhere near as tall as he looks in his pictures."

In fact, I am 6 feet 8 inches tall, but star watchers expect stars to be at least 20 feet high and, after seeing one en route to the beer store, always put him down as a disappointing runt.

I don't want millions of strangers accusing me of being a runt. I want respect, and nobody monkeying with my chin drapes, and, for that matter, Olivia Newton-John saying she'd be glad to do with the television with me. When they can guarantee me that, I'll consider becoming a star.

New York Times Service

## The Relentless Pursuit of Thinness

By Jane E. Brody

NEW YORK — Kathy Catio is an intelligent, articulate and attractive college student with a demeanor that says, "I know who I am and I like myself." Four years ago she was a frightened, emaciated teen-ager with just 73 pounds on her 5-foot-3-inch frame. She had few friends, kept to herself and spent nearly every waking moment thinking about food and her fear of gaining weight.

Within six months of joining a leading New York ballet school, Kathy had become an anorexic, so obsessed with being too fat that she was able to eat only a few hundred calories a day. She is among tens of thousands of young people with anorexia nervosa, a mysterious and frightening illness that often leaves its victims looking as if they had emerged from a concentration camp.

The problem is said to be epidemic among girls in their late teens. It is believed that fewer than 10 percent of the cases are male, and only a handful involve women beyond their 20s. Among girls aged 16 to 18, it is estimated that as many as 100,000 are afflicted, with as high as one in 100. It is often precipitated by an emotional crisis, resistance to sexual maturity or response to an innocent remark such as, "Your jeans are getting tight." Whatever the trigger, it leads to a diet that soon goes out of hand; diuretics, laxatives or purgatives and overzealous exercising may be resorted to.

## Symptoms

Long a closet illness, anorexia has received considerable attention in the last few years, though victims still commonly deny that they have a problem and resist treatment. The many therapies that have been tried have usually met with limited success, but an approach called nutrient-analytic psychotherapy promises to change the treatment of anorexia patients radically, yielding lasting reversals of their underlying problems as well as the devastating symptoms of self-induced starvation.

Most anorexics used to be from the upper classes and especially from families that put a high value on appearance. Today the illness strikes at all levels of society, perhaps because of the strong emphasis on weight, function well in the areas they choose to work at and are well-respected members of the community. Before the illness they tend to be the kind of children who are dependable, conscientious and trouble-free and, as a result, often overlooked by their parents.

The symptoms include an intense fear of becoming obese, a distorted body image (anorexics think they are fat even when they are quite thin), a weight loss of 25 percent or

more (without physical illness to account for it), absence of the menstrual period (often because of significant weight loss), slowed pulse, low blood pressure and body temperature, hyperactivity and often growth of fine hair all over the body. Male victims lose interest in sex. Adult anorexics may hide their disease by being overinvolved with food, doing all the food shopping and preparing elaborate family meals that they themselves never eat.

Dr. Gerald Burman, a pediatrician and the director of the Eating Disorders Program at the University of Wisconsin, said that extreme weight loss is actually a late sign of the illness.

*Although many therapies have been tried, with limited success, to treat anorexia, a new approach promises to yield lasting reversals of underlying problems as well as the devastating symptoms of self-induced starvation*

illness. Early signs include vehement dieting or avoiding meals, the adoption of bizarre eating habits — such as cutting all food into tiny pieces — and social isolation.

Anorexia is an emotional disorder compounded by biological factors that result from food deprivation. Dr. Hilde Bruch, a psychiatrist who is an authority on eating disorders, describes it as a relentless pursuit of thinness that represents an expression of control in an individual who has a poorly defined identity and an underdeveloped sense of effectiveness. The families of anorexics tend to be overprotective and rigid. The victims of anorexia often wonder who is running their lives. They resist growing up because they are unprepared to be independent.

By stringent dieting, anorexics achieve a sense of self-mastery as well as becoming the focus of family attention and delaying entry into adulthood.

The longer the symptoms persist, the harder they are to intercept. In patients who are severely malnourished, hospital treatment is often needed before psychotherapy can be effective. Close cooperation between the doctor and nurse administering medical treatment and the psychotherapist are important. Family therapy is sometimes helpful, as are support groups that have sprung up in recent years to aid the families of anorexics.

Without proper treatment, up to 20 percent of the victims die. Others are saved by being hospitalized and forced, though their underlying problems may remain. Many eventually outgrow the illness on their own, though often without resolving the conflicts that precipitated it. A few, like Kathy, are lucky enough to get therapy that is truly therapeutic.

Her road to recovery was not without obstacles. Baffled by what had happened to their conscientious, cooperative daughter, Kathy's parents insisted that she see a pediatrician, who in turn recommended a psychiatrist. The psychiatrist and a second one her family had her consult — "I didn't feel anything was wrong," she says — bombarded her with directions to eat, the act she feared more than anything else.

"My eating, or rather lack of it, was the one thing I could control, and now that I was being forced to eat I felt totally out of control," Kathy recalled. "Then I stumbled on vomiting. I would eat enormous quantities of food and immediately throw it all up." This binge-purge syndrome, called bulimimia, "gave me back my lost sense of control," she went on adding. "I was spending 28 hours a week vomiting, and my parents didn't know anything about it. I became more and more isolated and obsessed with food."

Then Kathy learned, from a fellow ballet student who had also become anorexic, about a group of therapists who seemed to know what the disease was about. After three years of false starts, Kathy had finally found someone who understood her fears and knew what to do about them. The obsession with food and weight, she gradually came to realize, was a cover for a sense of inferiority, an inability to express her negative emotions because she wanted desperately to be well-liked, and an unrealistic need to be cared for. Slowly she started regaining weight, but so entrenched was her illness that it took six months of therapy before she was able to give up vomiting.

Today Kathy considers herself a "recovering anorexic." She is still in therapy, with a psychologist who practices nutrient-analytic psychotherapy, in which the therapist acts as a supportive person who remains in control.

## Fact and Fiction

The nutrient-analytic approach is described in detail in a new book, "Feeding and Overcoming Anorexia Nervosa," by Steven Levenkron, a psychotherapist and clinical consultant in New York. He has also written a fictional account of anorexia, "The Best Little Girl in the World," which was made into an acclaimed television movie.

"When I first started treating anorexia in 1970, my colleagues told me I was crazy," Levenkron said. "They said it's so unwarding, the failure rate is so high." To be sure, the medical literature on treatment is discouraging. Though three-fourths of patients eventually gain weight, their emotional and social adjustment often remains unstable; relapses are common and many drop out of therapy before they are better.

Levenkron said he and his colleagues were achieving "a real cure rate of better than 85 percent." By "real cure" he means not just that the patients gain weight but that they are no longer emotionally isolated and mistrustful. Effective treatment usually takes years, but it works and it lasts, he reported.

## White House Cuts Coifs

White House staff members will have to find private hair stylists. The resident beauticians have been summarily dismissed and the resident barber's clientele trimmed to President Reagan and Vice President Bush. Even Cabinet members and Reagan's top aides were left barberless when White House Chief of Staff James A. Baker 3d fired the beauticians and canceled plans to build a \$9,000 beauty salon. The action ended what Baker described last week as a "raging dispute" between the barber, Milton Pitts, and beauticians, Yves and Nancy Gram, who shared quarters in the White House basement on alternate days. It also cut off — at least temporarily — the privilege accorded White House staffers of having their hair done at work on government time. (They paid for the tonorial services themselves.) The beauticians



Ella Fitzgerald

donned an Indian headress after she was named honorary chief of the Apache Club of Bad Segeberg, West Germany. The singer is appearing Friday and Saturday at the jazz days of the Karl May festival. Bad Segeberg, about 20 kilometers west of Libeck, annually celebrates May, a German author who never got west of the Rhine but turned out scores of novels on the American West, some of which are dramatized at the fete.

County commissioners in Dade County, Fla., have changed their minds and approved a plan by the artist Christo to wrap 10 Biscayne Bay islands off Miami in 5 million square feet of translucent-pink fabric for two weeks next March. The commissioners changed their 5-4 "no" to an 8-1 "yes" after the Bulgarian-born artist promised to give the county the right to sell 1,000 autographed prints of the work, to be called "Surrounded Islands." It was commissioned by and for the New World Festival of the Arts, held in Miami last month, but Christo, who has wrapped pieces of landscape and architecture around the world, was unable to secure the permits in time. The project is expected to cost \$800,000 to \$1 million; Christo has said the money would come from the sale of his drawings and collages of the project.

It was easy to pick out the heir to the British throne at the concert by the New Wave rock band Madness: He was the one in the gray business suit. At a recent concert by another band, Status Quo, Prince Charles, 33, wore jeans. But the Madness concert at London's Dominion Theater was staged to raise money for charities patronized by the Prince of Wales. He was not accompanied by his wife, Diana, who recently gave birth to their first child, Prince William. The seven members of Madness before the concert, which they opened with a reggae version of "God Save the Queen" on kazoos. The concert also featured Peter Townshend of The Who, Phil Collins, formerly with Genesis, Ian Anderson of Jethro Tull, and Led Zeppelin singer Robert Plant.

Richard Burton, who underwent surgery in April to correct a back condition that forced him to drop his role as King Arthur in a revival of the musical "Camelot," has been hospitalized again for examination after straining his lower back, said a hospital spokeswoman in Santa Monica, Calif.

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## GARD, By owner, renovated 18th century house on wooded estate surrounded by lush grounds. Original beams, fireplace, 200 sqm, living space, 10 bedrooms, 10 bathrooms, 10 swimming pools, 10 tennis courts, 10 hectares of land. Call for details. Tel: (047) 74 44 60

## MORISSE, COTE D'AZUR 10 km from Cannes. Beautiful 3 story villa with 10 bedrooms, 10 bathrooms, 10 swimming pools, 10 tennis courts, 10 hectares of land. Call for details. Tel: (047) 74 44 60

## CAP D'ANTIBES. Beautifully decorated 300 sqm, villa with 10 bedrooms, 10 bathrooms, 10 swimming pools, 10 tennis courts, 10 hectares of land. Call for details. Tel: (047) 74 44 60

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## REAL ESTATE FOR SALE

FOR MORE REAL ESTATE OPPORTUNITIES, SEE PAGE 5

## FRENCH PROVINCES

**NEAR LA CHARTE** Outstanding country house, 5 km. from the sea. 10 bedrooms, 10 bathrooms, 10 swimming pools, 10 tennis courts, 10 hectares of land. Call for details. Tel: (047) 74 44 60

## DORDOGNE, 17 km from Cognac. Splendid property, 4000 sqm, large park, 10 bedrooms, 10 bathrooms, 10 swimming pools, 10 tennis courts, 10 hectares of land. Call for details. Tel: (047) 74 44 60

## ST PAUL DE VENDEE. We are renovating